

## DIVISION OF OIL, GAS AND MINING

001

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. Type of Work: DRILL ☒ DEEPEN ☐

B. Type of Well: OIL ☐ GAS ☒ OTHER: SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. Name of Operator: Klabzuba Oil and Gas, Inc.

3. Address and Telephone Number: 700 17th St., Ste. 1300, Denver, CO 80202 1-303-382-4443

4. Location of Well (Footages):  
At Surface: 1,250' FNL, 1,018' FWL 438284 Y 39.59717  
At Proposed Producing Zone: 495146 X -111.05653

5. Lease Designation and Serial Number: ML-46539

6. If Indian, Allottee or Tribe Name: N/A

7. Unit Agreement Name: N/A

8. Farm or Lease Name: Gordon Creek, State

9. Well Number: 2-20-14-8

10. Field or Pool, or Wildcat: Gordon Creek undesignated

11. Qtr/Qtr, Section, Township, Range, Meridian: NW/4 NW/4, Section 20, T14S, R8E, SLB&M

12. County: Carbon 13. State: Utah

14. Distance in miles and direction from nearest town or post office: 13.3 miles west of Price, Utah

15. Distance to nearest property or lease line (feet): 1,018'

16. Number of acres in lease: 2153.27 acres

17. Number of acres assigned to this well: 40

18. Distance to nearest well, drilling, completed, or applied for, or 2,200'

19. Proposed Depth: +4,000'

20. Rotary or cable tools: Rotary

21. Elevations (show whether DF, RT, GR, etc.): 7,359' GR

22. Approximate date work will start: September, 2002

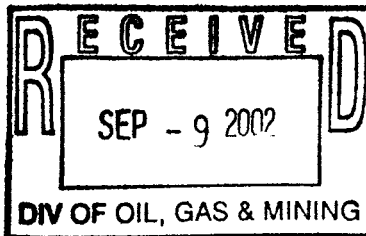
23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8" J-55 ST&C	24 #	2000'	300 sacks Class G cement + 2% CaCl <sub>2</sub> + 0.25 pps cellophane flakes
7-7/8"	5-1/2" J-55 ST&C	15.50 #	±4000'	230 sacks 50/50 pozmix + 8% gel + 10% salt + 0.25 pps cellophane flakes
				395 sacks Class G + 10-1 RFC + .25 pps cellophane flakes

DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.\*

**Bond Information will be provided under separate cover from Klabzuba Oil and Gas, Inc.**

**Surface Owner:** State of Utah

**Landowner Representative:** SITLA; 675 East 500 South, SLC, Utah 84102-2818; 801-538-5100



ORIGINAL

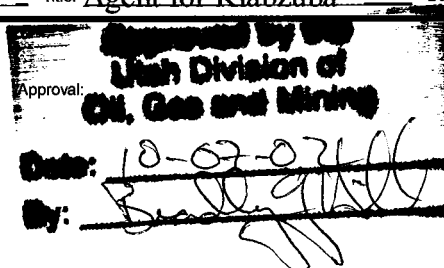
CONFIDENTIAL

24.

Name & Signature: Don Hamilton Don Hamilton Title: Agent for Klabzuba Date: 9-6-2002

(This space for state use only)

API Number Assigned: 43-007-30883



# Range 8 East

(N89°46'W - 5269.44')

## Location:

THE WELL LOCATION WAS DETERMINED USING A TRIMBLE 4700 GPS SURVEY GRADE UNIT.

## Basis of Bearing:

THE BASIS OF BEARING IS GPS MEASURED.

## GLO Bearing:

THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE.

## Basis of Elevation:

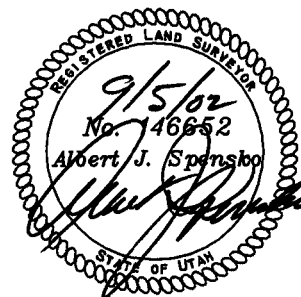
BASIS OF ELEVATION OF 7438' BEING AT THE SOUTHEAST SECTION CORNER OF SECTION 19, TOWNSHIP 14 SOUTH, RANGE 8 EAST, SALT LAKE BASE AND MERIDIAN, AS SHOWN ON THE WATTIS QUADRANGLE 7.5 MINUTE SERIES MAP.

## Description of Location:

PROPOSED DRILL HOLE LOCATED IN THE NW1/4 NW1/4 OF SECTION 20, T14S, R8E, SLB8M, BEING 1250.29' SOUTH AND 1018.14' EAST FROM THE NORTHWEST CORNER OF SECTION 20, T14S, R8E, SALT LAKE BASE & MERIDIAN.

## Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



## GRAPHIC SCALE

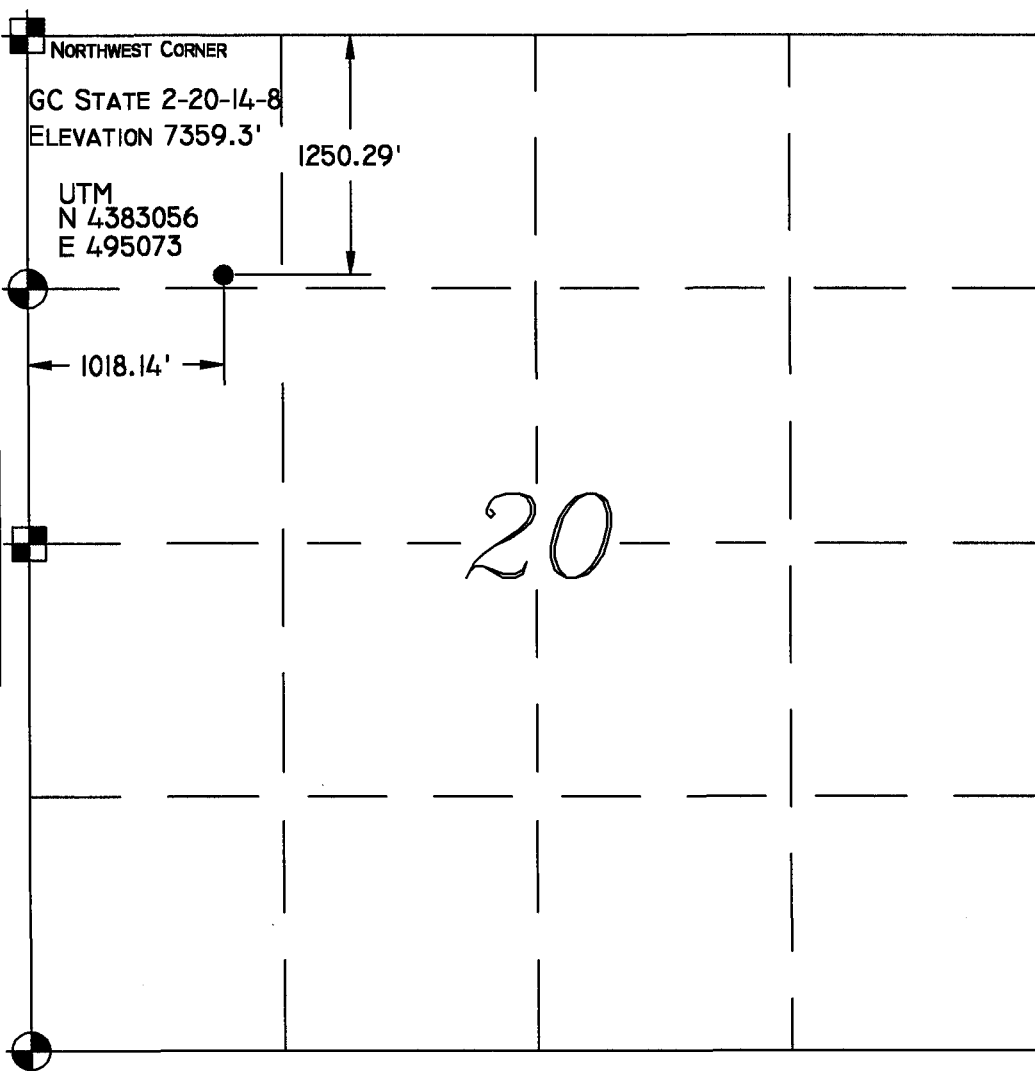


( IN FEET )  
1 inch = 1000 ft.

LAT / LONG  
39°35'50"  
111°03'27"

Township 14 South

N89°23'48"W - 5411.12'



(S89°50'W - 5287.92')

## LEGEND

- DRILL HOLE LOCATION
- ⊕ BRASS CAP (FOUND)
- BRASS CAP (SEARCHED FOR, BUT NOT FOUND)
- △ CALCULATED CORNER
- ( ) GLO

⊕ MARKED SANDSTONE (FOUND)

## NOTE:

UTM AND LATITUDE / LONGITUDE COORDINATES ARE DERIVED USING A GPS PATHFINDER AND ARE SHOWN IN NAD 83 DATUM.

GPS MEASURED



TALON RESOURCES, INC.

Price & Huntington, Utah  
Phone (435)637-8781 Fax (435)636-8603  
E-Mail talon@castlenet.com

KLABZUBA OIL & GAS

GC, STATE 2-20-14-8

Section 20, T14S, R8E, S.L.B.&M.  
Carbon County, Utah

Drawn By:  
T.DAVIS

Drawing No.  
A-1

Sheet 1 of 4

Checked By:  
L.W.J. / A.J.S

Date:  
8/16/02

Scale:  
1" = 1000'

Job No.  
530



*Talon Resources, Inc.*

Service, Quality and Accuracy

P.O. Box 1230  
195 North 100 West  
Huntington, Utah 84528  
Phone: 435-687-5310

Cell: 435-650-1886  
Fax: 435-637-5311  
Email: talon@castlenet.com

September 6, 2002

Mrs. Diana Mason  
State of Utah  
Division of Oil Gas and Mining  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

RE: Application for Permit to Drill — Gordon Creek, State 2-20-14-8, Carbon County, Utah  
1,250' FNL, 1,018' FWL, Section 20, T14S, R8E, SLB&M.

Dear Mrs. Mason:

On behalf of Klabzuba Oil and Gas, Inc. (Klabzuba), Talon Resources, Inc. respectfully submits the enclosed original of the *Application for Permit to Drill (APD)* for the above referenced well. Included with the APD is the following supplemental information:

- Exhibit "A" - Survey Plats and Layouts;
- Exhibit "B" - Location Maps;
- Exhibit "C" - Drilling Site Layout;
- Exhibit "D" - Drilling Program;
- Exhibit "E" - Multi Point Surface Use Plan;
- Exhibit "F" - Typical Road Cross Section;
- Exhibit "G" - Typical BOP Diagram;
- Exhibit "H" - Typical Choke Manifold Diagram;

**RECEIVED**  
SEP 09 2002  
DIVISION OF  
OIL, GAS AND MINING

**ORIGINAL**

**CONFIDENTIAL**

Please accept this letter as Klabzuba's written request for confidential treatment of all information contained in and pertaining to this application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact myself, or Mr. George Rooney of Klabzuba at 303-382-4443 if you have any questions or need additional information.

Sincerely,

*Don Hamilton*

Don Hamilton

Agent for Klabzuba Oil and Gas, Inc.

cc: Mr. Mark Jones, Oil, Gas and Mining

Mr. George Rooney, Klabzuba

Mr. Tom Sirola, Klabzuba

Mr. Mark Caldwell, Klabzuba

Klabzuba Well File

EXHIBIT "D"  
DRILLING PROGRAM

Attached to UDOGM Form 3  
Klabzuba Oil and Gas, Inc.  
Gordon Creek, State 2-20-14-8  
NW/4 NW/4, Sec. 20, T14S, R8E, SLB & M  
1,250' FNL, 1,018' FWL  
Carbon County, Utah

1. The Geologic Surface Formation

Emery Sandstone Member of the Mancos Shale

2. Estimated Tops of Important Geologic Markers

	<u>MD</u>
Mancos Blue Gate Marker	3,325'

3. Projected Gas & Water Zones

Mancos Gas Zone:	2,100' – 2,875'
Ferron Sands:	3,420' – 3,740'

Groundwater may be encountered within the Emery Sandstone Member of the Mancos Shale. Water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling".

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

Surface casing will be tested to 2000 psi.

**CONFIDENTIAL**

4. The Proposed Casing and Cementing Programs

HOLE SIZE	SETTING DEPTH (INTERVAL)	SIZE (OD)	WEIGHT, GRADE & JOINT	CONDITION
12-1/4"	2000'	8-5/8"	24# J-55 ST&C	New
7-7/8"	2000' – TD (±4000')	5-1/2"	15.50# J-55 ST&C	New

Cement Program –

Surface Casing: 300 sacks G + 2 % CaCl<sub>2</sub> + 0.25 pps cellophane flakes;  
Weight: 15.8 #/gal  
Yield: 1.15 cu.ft/sk  
Excess: 125%

Production Casing: 230 sacks 50/50 pozmix + 8% gel +10% salt + 0.25 pps cellophane flake  
Weight: 12.5 #/gal  
Yield: 2.08 cu.ft/sk  
Excess: 25%  
395 sacks 10-1 RFC with 0.25 pps cellophane flakes  
Weight: 14.2 #/gal  
Yield: 1.61 cu.ft/sk  
Excess: 25%

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;
- 5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;
- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

**CONFIDENTIAL**

5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. A double gate 2000 psi BOP will be used with a rotating head. This equipment will be tested to 2000 psi. All tests will be recorded in a Driller's Report Book. Physical operation of BOP's will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

0-2000	12-1/4" hole	Drill with air, will mud-up if necessary.
2000-TD	7-7/8" hole	Drill with air, will mud-up if necessary. 500 psi @ 1500-2300 Scf.

7. The Testing, Logging and Coring Programs are as followed

2000-TD      Gamma Ray, Density, Neutron Porosity, Induction, Caliper

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in The area nor at the depths anticipated in this well. Bottom hole pressure expected is 1000 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: September 2002.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

EXHIBIT "E"  
MULTI-POINT SURFACE USE PLAN

Attached to UDOGM Form 3  
Klabzuba Oil and Gas, Inc.  
Gordon Creek, State 2-20-14-8  
NW/4 NW/4, Sec. 20, T14S, R8E, SLB & M  
1,250' FNL, 1,018' FWL  
Carbon County, Utah

**1. Existing Roads**

- a. The proposed access road will encroach the gravel-surfaced Haley Canyon Road under Carbon County Maintenance in which approval is pending. The approach will be constructed consistent with Carbon County Road specifications (see Exhibit "B").
- b. We do not plan to change, alter or improve upon any other existing state or county roads. Existing roads will be maintained in the same or better condition.

**2. Planned Access**

- a. Approximately 150' of new access is required (See Exhibit "B").
- b. Approximately 800' of existing two-track road along a historic seismic line will be upgraded and utilized from the county road.
- c. Maximum Width: 20' travel surface with 27' base.
- d. Maximum grade: 10%
- e. Turnouts: None
- f. Drainage design: 2 – 18" culverts may be required. Water will be diverted around the road as necessary and practical.
- g. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.
- h. All drainage structures will be armored at their outlet with riprap and or energy dissipating structures to minimize erosion potential in the area.

### **3. Location of Existing Wells**

- a. See Exhibit "B". There is three proposed wells, five existing wells and one abandon water well within a one- mile radius of the proposed location.

### **4. Location of Existing and/or Proposed Facilities**

- a. If the well is a producer, installation of production facilities will follow the drilling and completion of the well.
- b. Buried power-lines and water lines will follow the proposed access road to the county road, then east along the county road to the intersection with the main pipeline corridor. The gas line will trend northwest along undisturbed lands approximately 500' to the main pipeline corridor (see Exhibit "B").
- c. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

### **5. Location and Type of Water Supply**

- a. Water to be used for drilling will be obtained from Price River Water Improvement District (a local source of municipal water).
- b. Water will be transported by truck over approved access roads.
- c. No water well is to be drilled for this location.

### **6. Source of Construction Materials**

- a. Any necessary construction materials needed will be obtained locally from a private source and hauled to the location on existing roads.
- b. No construction or surfacing materials will be taken from Federal/Indian land.

### **7. Methods for handling waste disposal**

- a. As the well is expected to be air drilled, a small reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will be lined with a synthetic liner. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations cease with four strands of barbed

wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.

- b. Following drilling, the liquid waste will be evaporated from the pit and the pit backfilled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or location.
- c. In the event fluids are produced, any oil will be retained in tanks until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.
- d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

## **8. Ancillary Facilities**

- a. We anticipate no need for ancillary facilities with the exception of trailers to be located on the drill site.

## **9. Well-site Layout**

- a. Available topsoil will be removed from the location and stockpiled. Location of the rig, reserve and blooie pits, and drilling support equipment will be located as shown on Attachment "C".
- b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the blooie pit. The blooie pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.
- c. Access to the well pad will be as shown on Exhibit "B".
- d. Natural runoff will be diverted around the well pad.

## **10. Plans for Restoration of Surface**

- a. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to minimize possible erosion.
- b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.

- d. Any oil accumulation on the pit will be removed or overhead flagged as dictated by then existed conditions.
- e. Rehabilitation will commence following completion of the well. Rat and mouse holes will be filled immediately upon release of the drilling rig from the location. If the well-site is to be abandoned, all disturbed areas will be re-contoured to the natural contour as is possible.

## **11. Surface Ownership**

- a. The well-site and access road will be constructed on lands managed by the School and Institutional Trust Lands Administration, 675 East 500 South, SLC, Utah 84102-2818; 801-538-5100. The operator shall contact the landowner and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities.

## **12. Other Information**

- a. The primary surface use is wildlife habitat. The nearest dwelling is approximately 6.0 miles southeast. Nearest live water is First Water Creek approximately 4,300' southeast.
- b. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed, and piled downhill from the topsoil stockpile location.
- c. The back-slope and fore-slope will be constructed no steeper than 4:1.
- d. All equipment and vehicles will be confined to the access road and well pad.
- e. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations shall be on the well-site during construction and drilling operations.

***There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.***

13. **Company Representative**

George Rooney  
Klabzuba Oil and Gas, Inc  
700 – 17<sup>th</sup> Street  
Suite 1300  
Denver, Colorado 80202  
1-303-382-4443  
1-303-619-1908

**Permitting Consultant**

Don Hamilton  
Environ. Man. / Proj. Coord.  
Talon Resources, Inc.  
195 North 100 West  
Huntington, Utah 84528  
1-435-650-1886  
1-435-687-5310

**Excavation Contractor**

Dennis Jensen  
Vice President  
JNR Construction  
P.O. Box 1598  
Roosevelt, Utah 84066  
1-435-722-3996  
1-435-823-6590

**Mail Approved A.P.D. To:**

Company Representative

14. **Certification**

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by Klabzuba Oil and Gas, Inc. and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

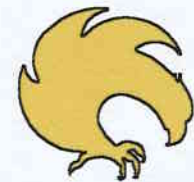
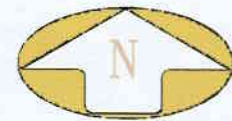
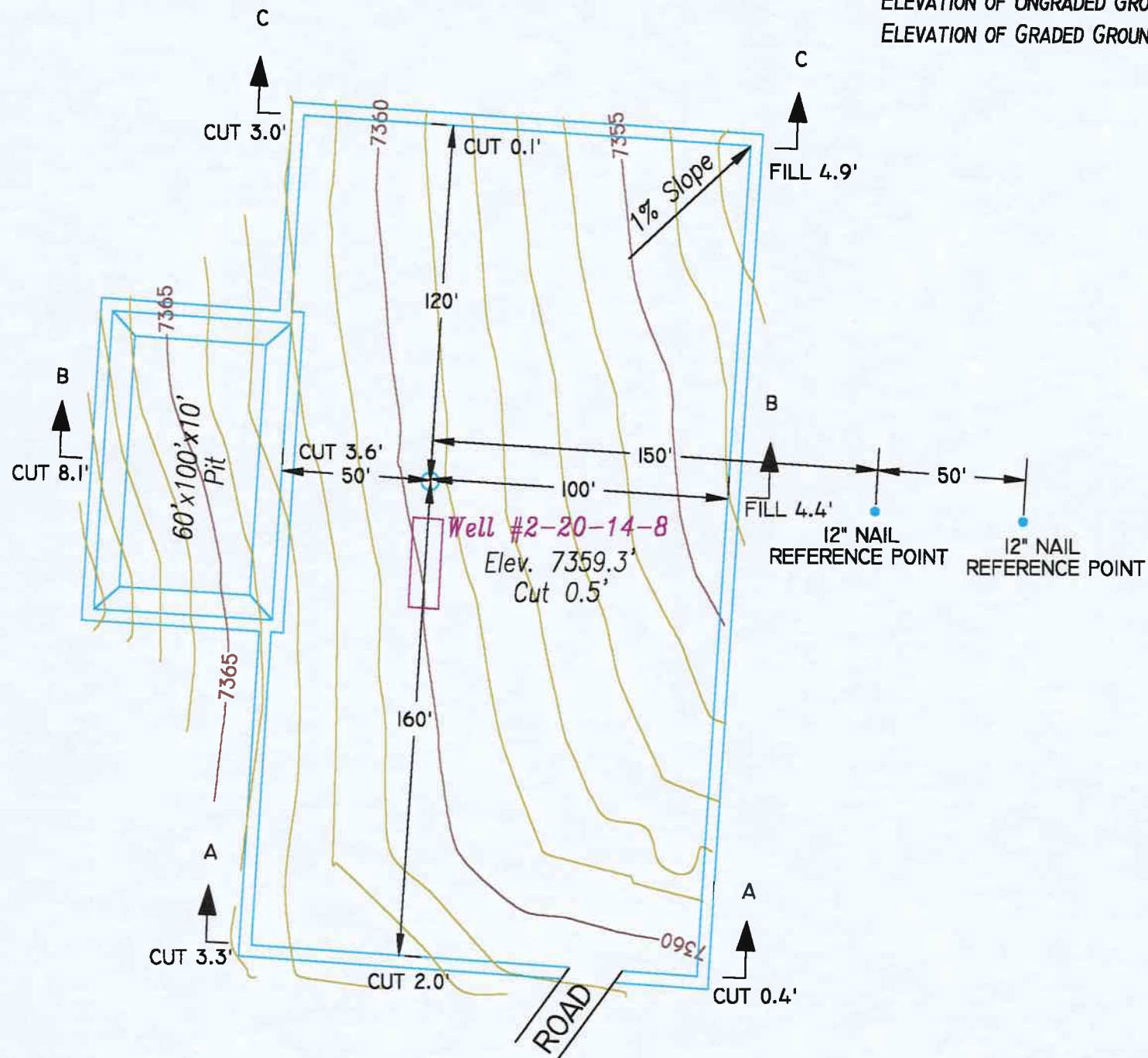
9-6-02  
Date

Don Hamilton  
Don Hamilton  
Agent for Klabzuba Oil and Gas, Inc.

ORIGINAL

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 7359.3'

ELEVATION OF GRADED GROUND AT LOCATION STAKE = 7358.8'



TALON RESOURCES, INC.

Price - Huntington, Utah  
Phone (435)637-8781 Fax (435)636-8603  
E-Mail talon@castlenet.com

KLABZUBA OIL & GAS  
LOCATION LAYOUT

Section 20, T14S, R8E, S.L.B.&M.

WELL # 2-20-14-8

Drawn By:  
T. DAVIS

Checked By:  
L.W.J.

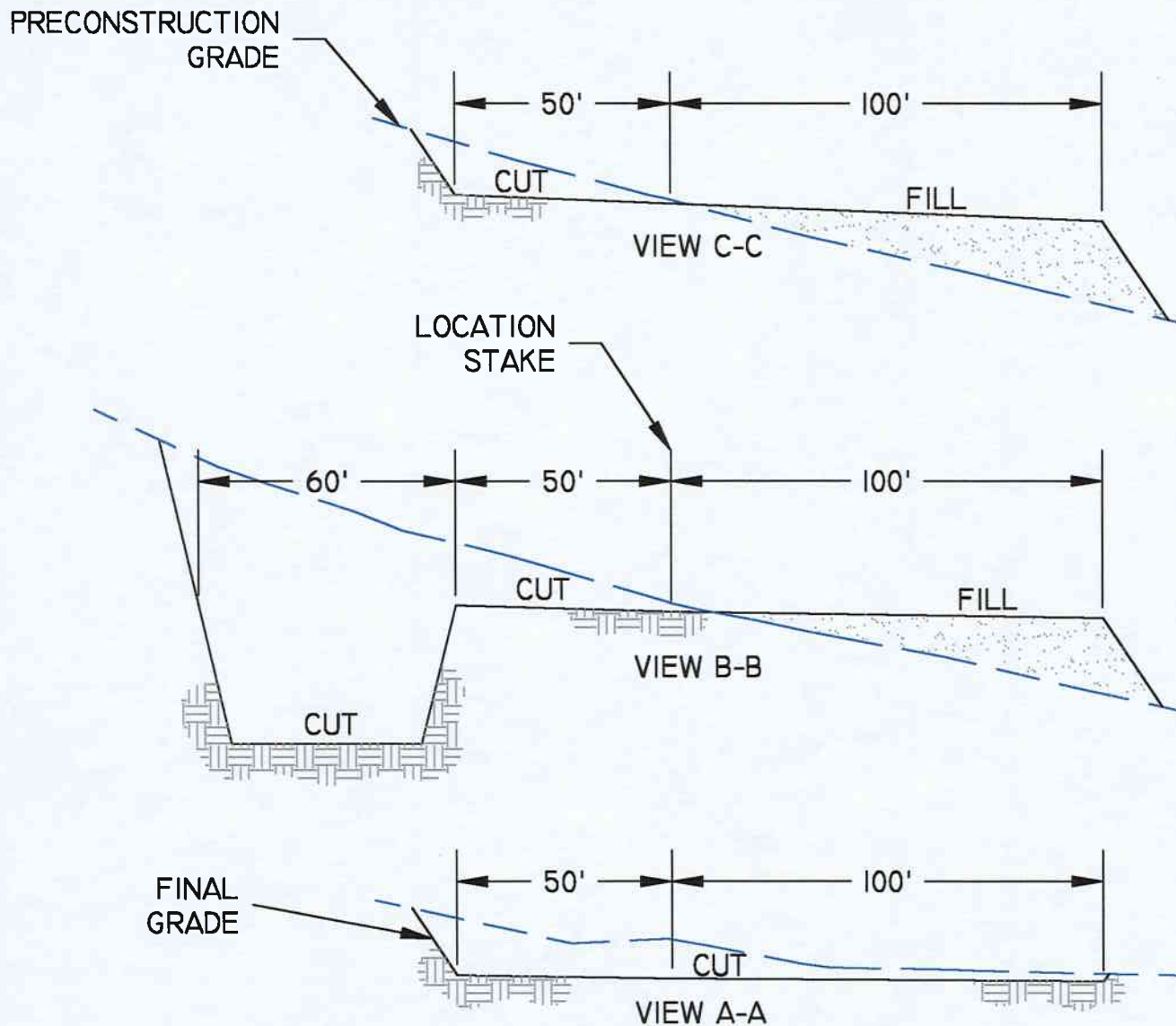
Drawing No.  
A-2

Date:  
9/4/02

Scale:  
1" = 50'

Sheet 2 of 4

Job No.  
530



1"=10'  
X-Section  
Scale  
1"=40'

SLOPE = 1 1/2 : 1  
(EXCEPT PIT)  
PIT SLOPE = 1 ; 1



TALON RESOURCES, INC.

Price - Huntington, Utah  
Phone (435) 637-8781 Fax (435) 636-8603  
E-Mail talon@castlenet.com

KLABZUBA OIL & GAS  
TYPICAL CROSS SECTION  
Section 20, T14S, R8E, S.L.B.&M.  
WELL #2-20-14-8

Drawn By: T. DAVIS	Checked By: L.W.J.
Drawing No. C-1	Date: 9/4/02
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 530

### APPROXIMATE YARDAGES

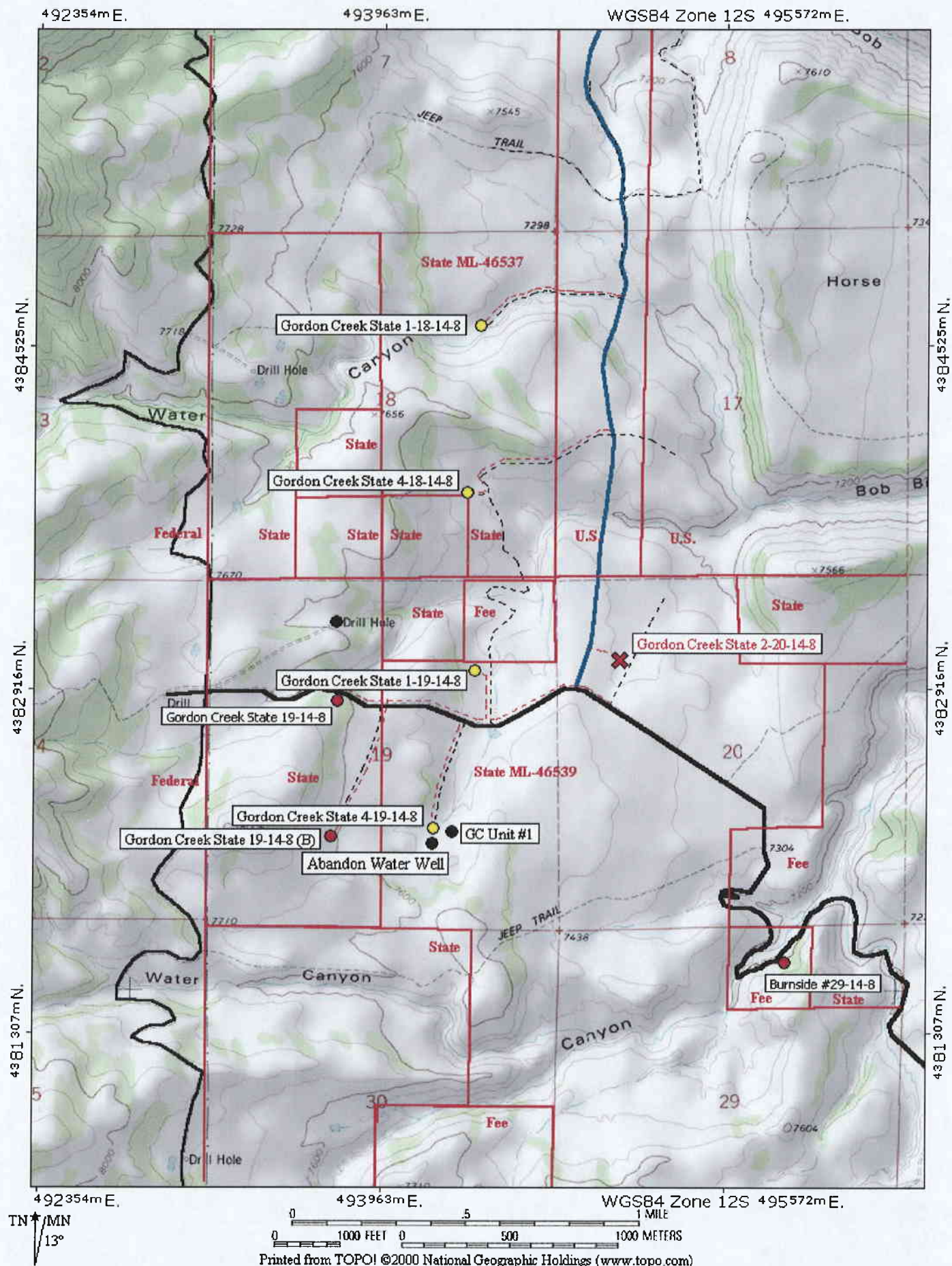
#### CUT

(6") TOPSOIL STRIPPING = 750 Cu. Yds.

REMAINING LOCATION = 1,355 Cu. Yds.

TOTAL CUT = 4,205 Cu. Yds.

TOTAL FILL = 1,525 Cu. Yds.



489136m E.

492354m E.

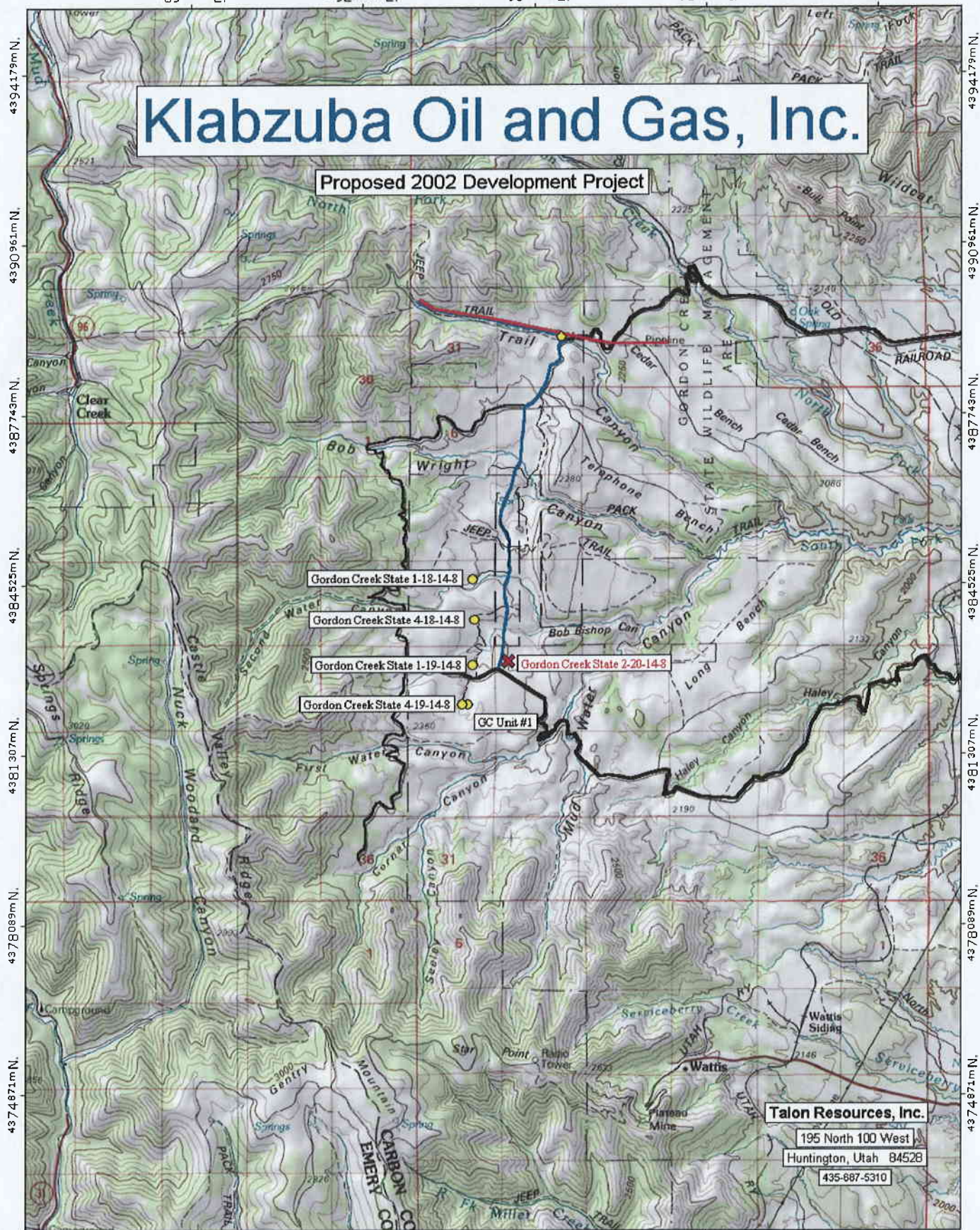
495572m E.

498790m E.

WGS84 Zone 12S 502008m E.

# Klabzuba Oil and Gas, Inc.

Proposed 2002 Development Project



**Talon Resources, Inc.**

195 North 100 West

Huntington, Utah 84528

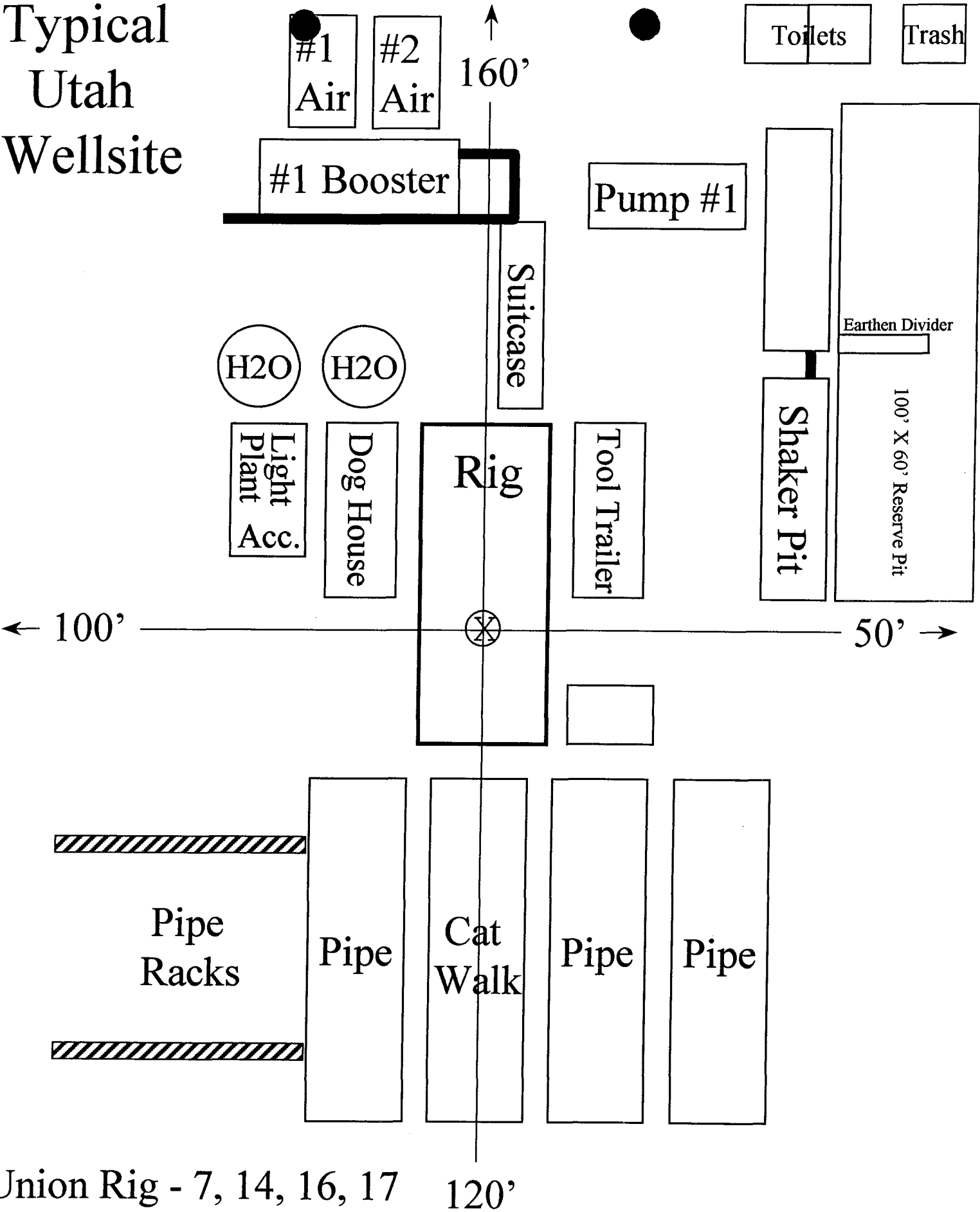
435-687-5310

TN\* MN  
13°

0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles  
0 1 2 3 4 5 km

Printed from TOPO! ©2000 National Geographic Holdings (www.topo.com)

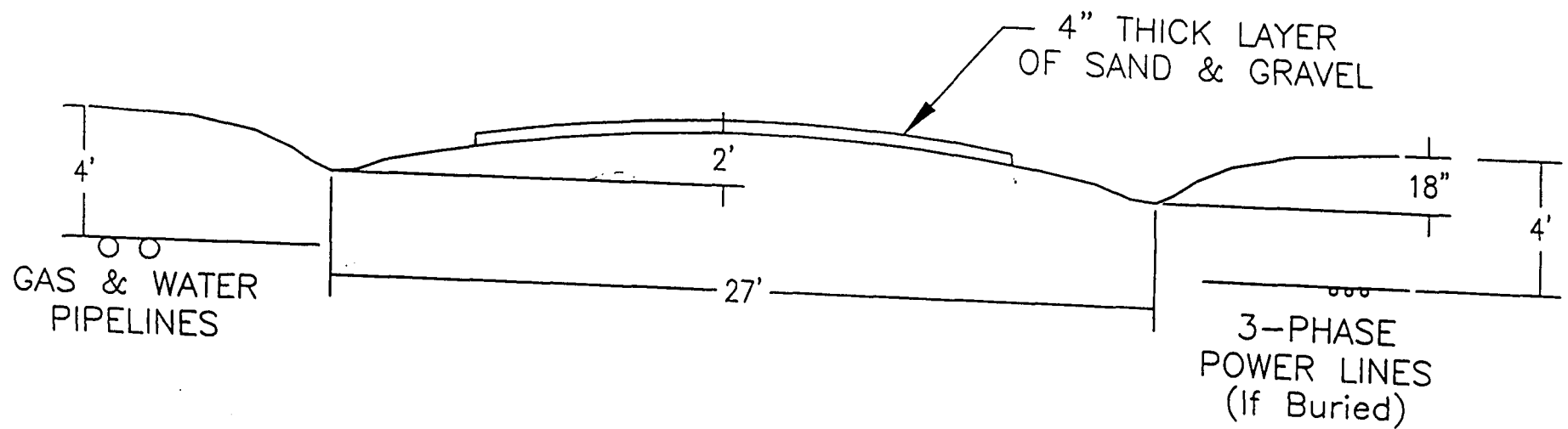
Typical  
Utah  
Wellsite



Union Rig - 7, 14, 16, 17

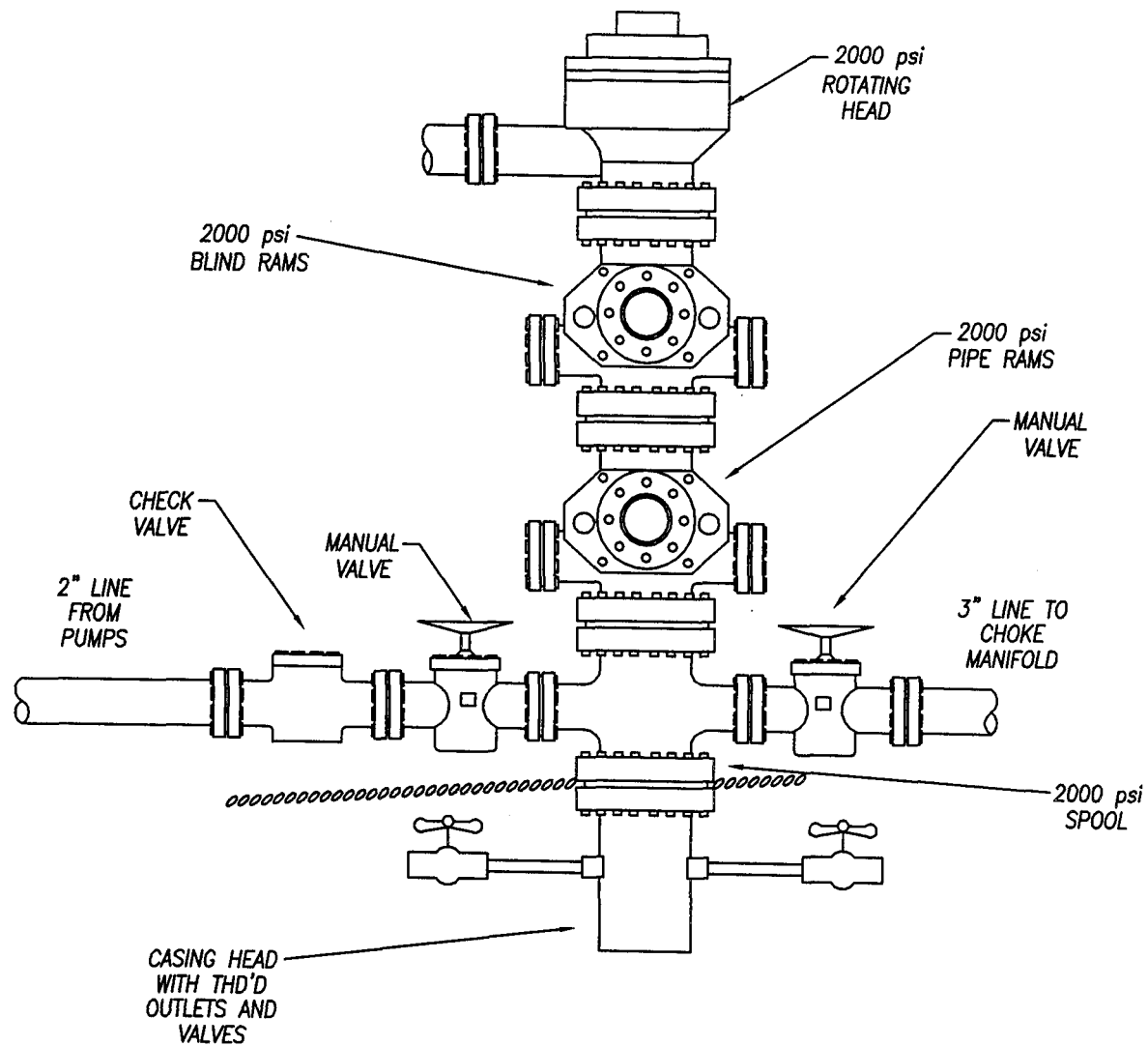
Location Size - 280' L x 150' W

# TYPICAL ROAD CROSS-SECTION

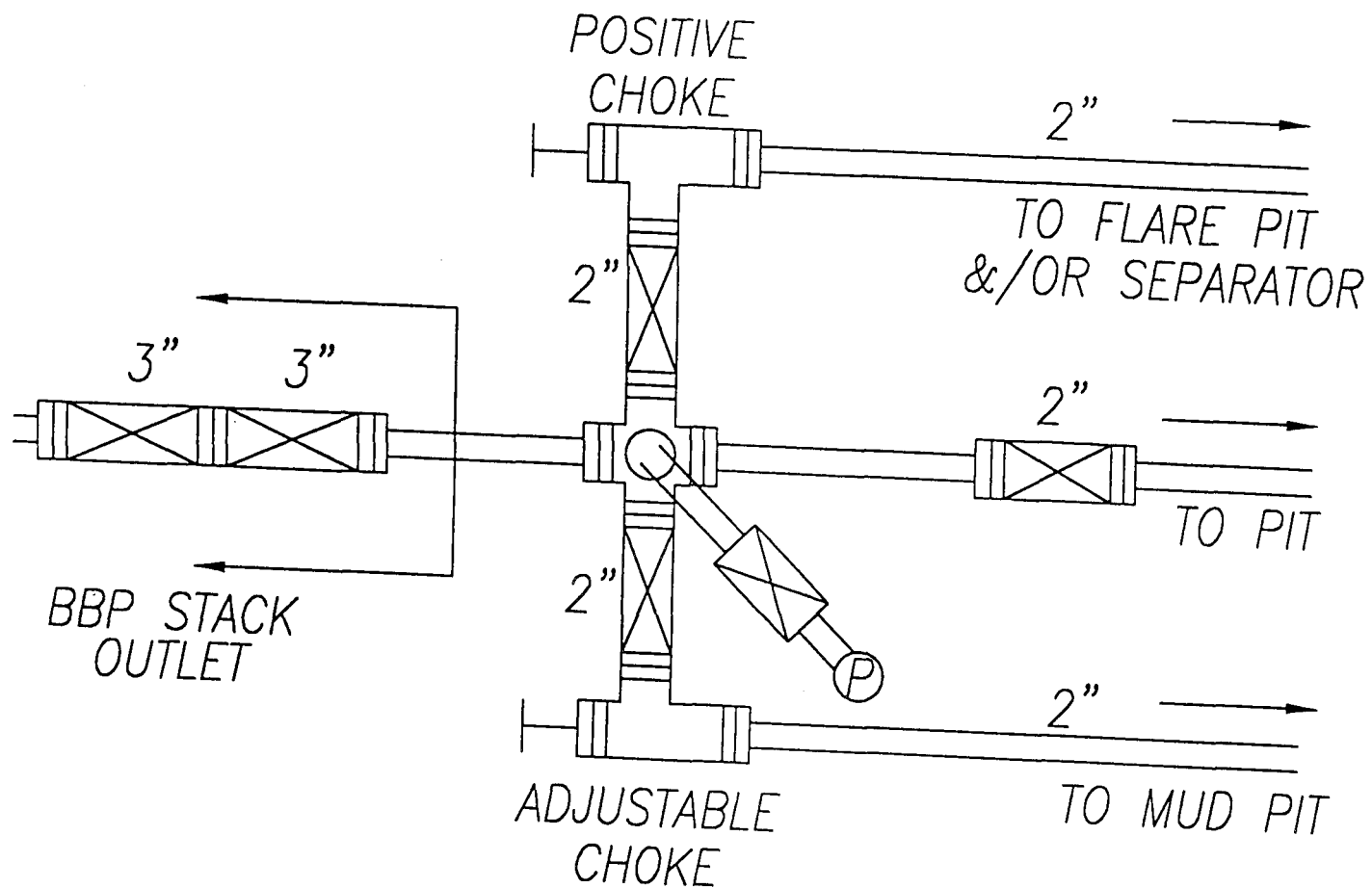


# BOP Equipment

2000psi WP



# CHOKE MANIFOLD



**WORKSHEET**  
**APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 09/09/2002

API NO. ASSIGNED: 43-007-30883

WELL NAME: GORDON CREEK ST 2-20-14-8

OPERATOR: KLABZUBA OIL &amp; GAS INC ( N1325 )

CONTACT: DON HAMILTON/AGENT

PHONE NUMBER: 435-687-5310

## PROPOSED LOCATION:

NWNW 20 140S 080E

SURFACE: 1250 FNL 1018 FWL

BOTTOM: 1250 FNL 1018 FWL

CARBON

UNDESIGNATED ( 2 )

LEASE TYPE: 3 - State

LEASE NUMBER: ML-46539

SURFACE OWNER: 3 - State

PROPOSED FORMATION: FRSD

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	9/26/02
Geology		
Surface		

LATITUDE: 39.59717

LONGITUDE: 111.05653

## RECEIVED AND/OR REVIEWED:

☒ Plat☒ Bond: Fed[] Ind[] Sta[3] Fee[](No. R-32644644 of 5)☒ Potash (Y/N)☒ Oil Shale 190-5 (B) or 190-3 or 190-13☒ Water Permit(No. MUNICIPAL )☒ RDCC Review (Y/N)

(Date: \_\_\_\_\_ )

☒ Fee Surf Agreement (Y/N)

## LOCATION AND SITING:

\_\_\_\_ R649-2-3.

Unit \_\_\_\_\_

\_\_\_\_ R649-3-2. General

Siting: 460' From Qtr/Qtr & 920' Between Wells\_\_\_\_ R649-3-3. ~~Exception~~☒ Drilling UnitBoard Cause No: 248-01Eff Date: 5-15-02Siting: 460' fr unit boundary & 920' Between wells.

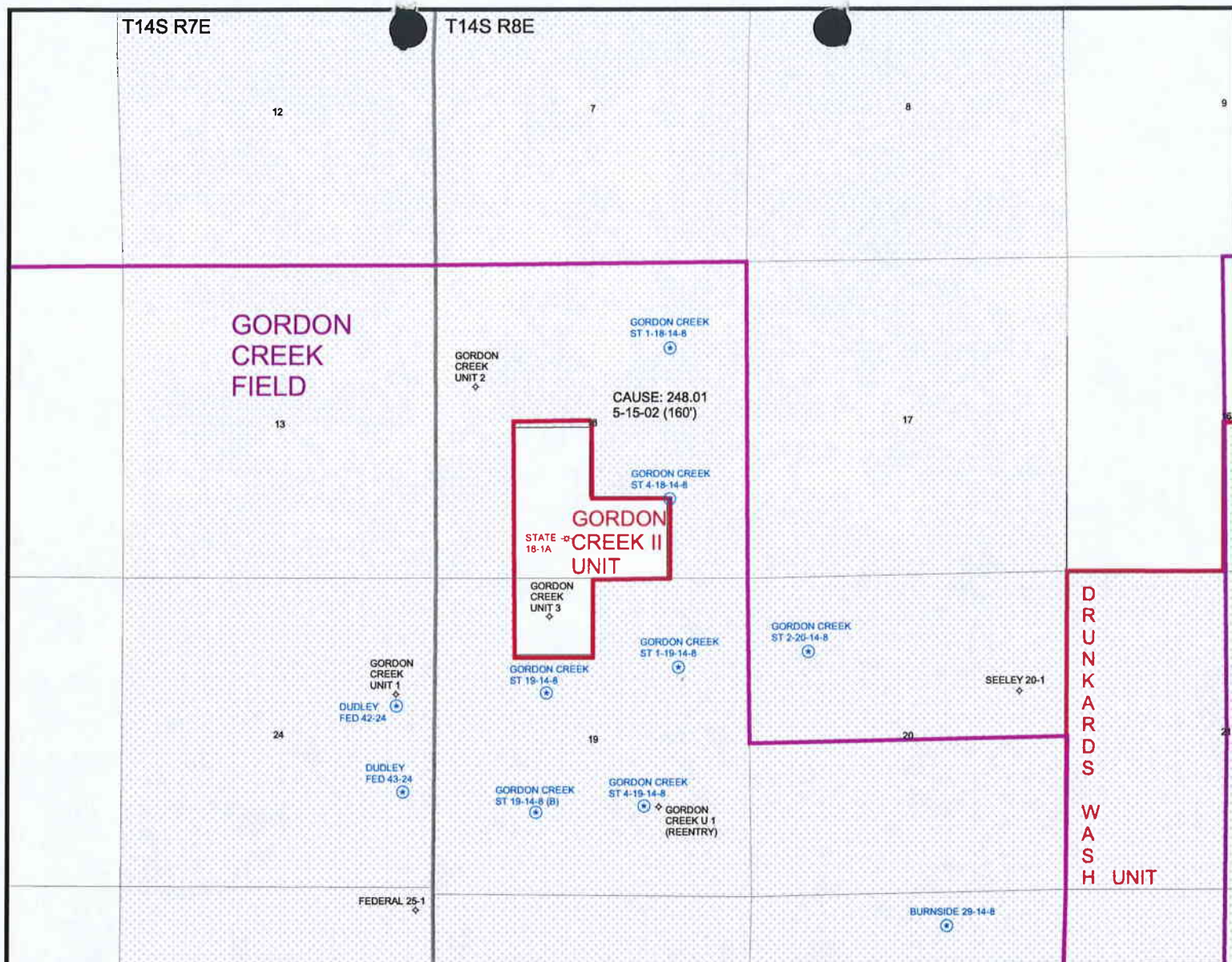
\_\_\_\_ R649-3-11. Directional Drill

## COMMENTS:

NEED Permit (Recd 9-27-02)

## STIPULATIONS:

- ① Surface Casing Cement Strip
- ② STATEMENT OF BASIS



OPERATOR: KLABZUBA O&G CO (N1325)

SEC: 20 T14S R8E

FIELD: UNDESIGNATED (002)

COUNTY: CARBON

SPACING: 248-01 / 5-15-02 (160')



Utah Oil Gas and Mining

#### Well Status

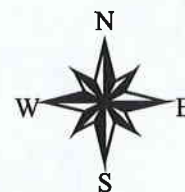
- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL

#### Units Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

#### Field Status

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED
- Sections.shp
- Township.shp
- Counties.shp



Prepared By: D. Mason  
Date: 12-SEPTEMBER-2002


**HIGGINBOTHAM**

ASSOCIATES

 INSURANCE & FINANCIAL SERVICES  
SINCE 1940.

August 27, 2002

**RECEIVED**

AUG 28 2002

KLABZUBA FT. WORTH

Mr. Ed Bonner  
School & Institutional Trust Lands Administration  
675 E. 500 South, Suite 500  
Salt Lake City, Utah 84102-2818

Re: Klabzuba Oil & Gas, Inc.  
Blanket Bond No. B32644644  
\$80,000

*Attn: Tom*

Dear Mr. Bonner:

Enclosed please find the original signed executed bond as captioned. We trust this bond will meet with your approval.

Upon your acceptance of this Blanket Bond, we ask that Bond No. B32644629 and Bond No. 588080 be released. Please send your release in form of written letter from your office or the original bonds returned back to my attention so that I can return to the surety company.

Should you have any questions or concerns, please contact me at the number below.

Thank you.

Sincerely,

*Joyce Myers*

Joyce Myers, CISR  
Energy Division  
817-347-7086

/jm  
Enclosures

Cc: Mr. John R. Brown  
Klabzuba Oil & Gas, Inc.

**RECEIVED**

SEP 13 2002

 DIVISION OF  
OIL, GAS AND MINING

Well/Prospect/Lease/Office/Other
Description
Company
Approved by

500 West 13th Street  
Fort Worth, TX 76102  
(800) 728-2374

3115 Preston Road, Suite 210  
Dallas, TX 75225  
(800) 728-2374

400 N. Carroll Boulevard, Suite 200  
Deaton, TX 76201  
(800) 728-2374

120 Polo Pinta Street  
Weatherford, TX 76086  
(800) 728-2374

www.higginbotham.net

#6513 P.002/002

KLABZUBA OIL&GAS

SEP.13.2002 12:51 303-299-9087

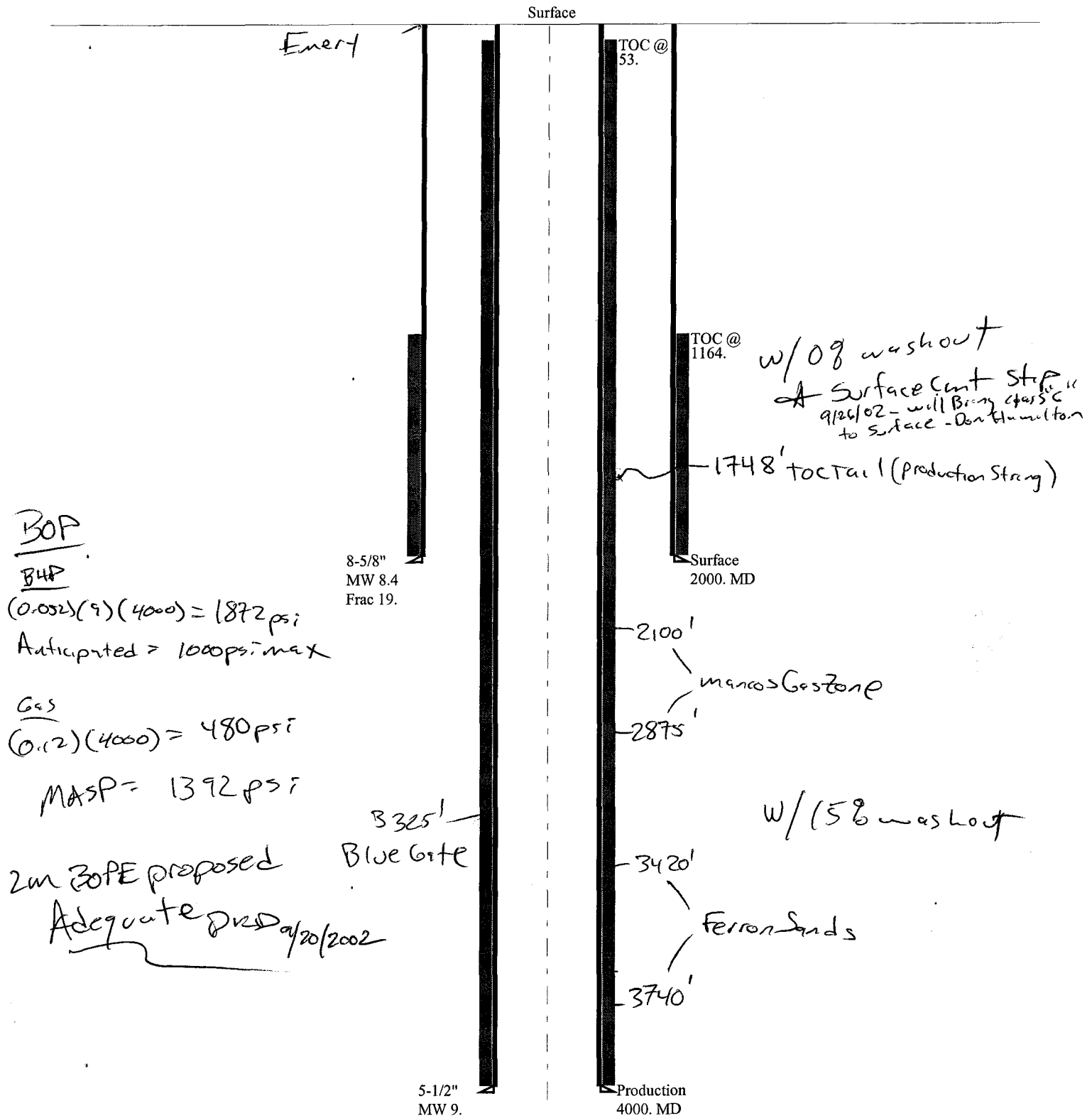
KLABZUBA OIL & GAS

AUG.30.2002 7:52AM

TO:KOG DENVER

NO.359 P.1

Casing Schematic



Well name:	<b>09-02 Klabzuba Gordon Creek 2-20-14-8</b>	
Operator:	<b>Klabzuba Oil &amp; Gas Inc.</b>	
String type:	<b>Surface</b>	Project ID: <b>43-007-30883</b>
Location:	<b>Carbon County</b>	

**Design parameters:**
**Collapse**

Mud weight: 8.400 ppg  
Design is based on evacuated pipe.

**Minimum design factors:**
**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
Surface temperature: 65 °F  
Bottom hole temperature: 93 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 250 ft

Cement top:

1,164 ft

**Burst**

Max anticipated surface pressure: 0 psi  
Internal gradient: 0.468 psi/ft  
Calculated BHP 935 psi

No backup mud specified.

**Tension:**

8 Round STC: 1.80 (J)  
8 Round LTC: 1.80 (J)  
Buttress: 1.60 (J)  
Premium: 1.50 (J)  
Body yield: 1.50 (B)

Tension is based on air weight.  
Neutral point: 1,748 ft

Non-directional string.

**Re subsequent strings:**

Next setting depth: 4,000 ft  
Next mud weight: 9.000 ppg  
Next setting BHP: 1,870 psi  
Fracture mud wt: 19.000 ppg  
Fracture depth: 2,000 ft  
Injection pressure: 1,974 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ( )
1	2000	8.625	24.00	J-55	ST&C	2000	2000	7.972	13104

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	1370	1.57	935	2950	3.15	48	244	5.08 J

Prepared by: Dustin Doucet  
Utah Dept. of Natural Resources

Phone: 801-538-5281  
FAX: 801-359-3940

Date: September 20, 2002  
Salt Lake City, Utah

**ENGINEERING STIPULATIONS: NONE**

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	<b>09-02 Klabzuba Gordon Creek 2-20-14-8</b>	
Operator:	<b>Klabzuba Oil &amp; Gas Inc.</b>	Project ID:
String type:	<b>Production</b>	<b>43-007-30883</b>
Location:	<b>Carbon County</b>	

**Design parameters:**
**Collapse**

Mud weight: 9.000 ppg  
Design is based on evacuated pipe.

**Minimum design factors:**
**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
Surface temperature: 65 °F  
Bottom hole temperature: 121 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 250 ft

Cement top: 53 ft w/ 15% wo

**Burst**

Max anticipated surface pressure: 0 psi  
Internal gradient: 0.468 psi/ft  
Calculated BHP 1,870 psi

No backup mud specified.

**Tension:**

8 Round STC: 1.80 (J)  
8 Round LTC: 1.80 (J)  
Buttress: 1.60 (J)  
Premium: 1.50 (J)  
Body yield: 1.50 (B)

Non-directional string.

Tension is based on air weight.

Neutral point: 3,455 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ( )
1	4000	5.5	15.50	J-55	ST&C	4000	4000	4.825	16934

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1870	4040	2.16	1870	4810	2.57	62	202	3.26 J

Prepared by: Dustin Doucet  
Utah Dept. of Natural Resources

Phone: 801-538-5281  
FAX: 801-359-3940

Date: September 20, 2002  
Salt Lake City, Utah

**ENGINEERING STIPULATIONS: NONE**

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 4000 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

**ON-SITE PREDRILL EVALUATION**  
**Division of Oil, Gas and Mining**

**OPERATOR:** Klabzuba Oil and Gas, Inc.  
**WELL NAME & NUMBER:** Gordon Creek State 2-20-14-8  
**API NUMBER:** 43-007-30883  
**LEASE:** State **FIELD/UNIT:** Gordon Creek  
**LOCATION:** 1/4, 1/4 NWNW **Sec:** 20 **TWP:** 14S **RNG:** 8E 1250' **FNL** 1018' **FWL**  
**LEGAL WELL SITING:** 460' from unit boundary 920' from another well.  
**GPS COORD (UTM):** X=495140 E; Y =4382855 N **SURFACE OWNER:** SITLA

**PARTICIPANTS**

M. Jones (DOGM), Chris Colt (DWR), D. Hamilton (Talon), George Rooney (Klabzuba), Ed Bonner, SITLA. Carbon County were invited but chose not to attend.

**REGIONAL/LOCAL SETTING & TOPOGRAPHY**

The proposed location is ~7 miles west of the nearest dwelling. And ~15 miles west of Price, UT. The closest live water source is Second Water Creek 1.1 miles to the North. The area drains into Mud Water Canyon and eventually dumps into the Price River.

**SURFACE USE PLAN**

**CURRENT SURFACE USE:** Grazing and wildlife habitat.

**PROPOSED SURFACE DISTURBANCE:** 280' X 150' and ~1000' of new and upgraded two-track access road will be needed.

**LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS:** No proposed and six existing within a one mile radius of the proposed location. 1 water well currently not being used is located Southwest of the proposed location ~ .5 mile.

**LOCATION OF PRODUCTION FACILITIES AND PIPELINES:** Along roadways.

**SOURCE OF CONSTRUCTION MATERIAL:** Purchased locally and transported in.

**ANCILLARY FACILITIES:** None anticipated.

**WASTE MANAGEMENT PLAN:**

A lined reserve pit will be constructed to handle drill cuttings and liquid waste during the drilling process. Chemical toilets will be kept on site during drilling activities and will be disposed of at an appropriate municipal sewage facility. Trash will be kept in dumpsters and also taken to an appropriate municipal handling facility when drilling is completed.

**ENVIRONMENTAL PARAMETERS**

**AFFECTED FLOODPLAINS AND/OR WETLANDS:** Dry washes run throughout the immediate and surrounding area and are highly erosive in nature.

**FLORA/FAUNA:** Well established community of native grasses, sagebrush, elk, deer, moose, fowl, rabbits.

SOIL TYPE AND CHARACTERISTICS: Loamy clay.

SURFACE FORMATION & CHARACTERISTICS: \_\_\_\_\_

EROSION/SEDIMENTATION/STABILITY: Highly erosive upon disturbance.

PALEONTOLOGICAL POTENTIAL: None observed.

**RESERVE PIT**

CHARACTERISTICS: dugout earthen pit, 60 X 100 X 10 pit not included within the pad boundaries.

LINER REQUIREMENTS (Site Ranking Form attached): Liner optional.

**SURFACE RESTORATION/RECLAMATION PLAN**

As per surface use agreement.

SURFACE AGREEMENT: On file with State.

CULTURAL RESOURCES/ARCHAEOLOGY: Completed and on file with State.

**OTHER OBSERVATIONS/COMMENTS**

**ATTACHMENTS**

Photos of this location were taken and placed on file.

Mark L. Jones  
DOGM REPRESENTATIVE

September 23, 2002 / 11:00 am  
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score  
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>0</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>5</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

**Final Score**      15      (Level II Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.

**DIVISION OF OIL, GAS AND MINING  
APPLICATION FOR PERMIT TO DRILL  
STATEMENT OF BASIS**

OPERATOR: Klabzuba Oil and Gas Inc.  
WELL NAME & NUMBER: Gordon Creek State 2-20-14-8  
API NUMBER: 43-007-30883  
LOCATION: 1/4, 1/4 NWNW Sec: 20 TWP: 14S RNG: 8E 1250' F N L 1018' F W L

Geology/Ground Water:

This location is in a horst and graben area of the Wasatch Plateau. A search of the water rights database for this area show that there are 44 points of diversion within a mile of this location. One of these is an underground water well about 500' deep. Surface casing proposed for this well is 2000' and should adequately cover the Garley Canyon, and Emery Sandstones present in this area. This well is to be spud on Quaternary Alluvium overlying the Upper Blue Gate Member of the Mancos Shale. Below the Blue Gate are the Garley Canyon Sandstone and the three members of the Emery Sandstone. These four sands are the likely sources of the numerous springs and seeps the area. These possible water resources will be protected with proper amounts of cement across the sand intervals. In like manner any water zone encountered in the lower hole should also be placed behind pipe and cement will be placed across the zone for a minimum of 100' above and below the water bearing zone.

Reviewer: K. Michael Hebertson Date: 27-September-2002

**Surface:**

There is one nearby water well, currently not being used, ~ .5 mile SW of the location. Klabzuba would like to use this water well to provide fresh water for drilling and will follow appropriate channels to obtain right to use this water. A healthy community of native grasses and sagebrush are the predominate vegetative cover at the proposed location. The site was photographed and characterized on 8/29/2002. Rehabilitation of the site, litter and waste control, preservation and drainage patterns, groundwater and other resources was discussed and agreed on. Any well utilities and gathering systems will follow the roadways. Due to the erosive nature of the area and its soil special considerations should be made to protect and minimize the effect of possible erosion to the surrounding environment. DWR and SITLA were present during the pre-site. Carbon County was invited but chose not to attend.

Reviewer: Mark L. Jones Date: September 24, 2002

**Conditions of Approval/Application for Permit to Drill:**

1. Appropriate actions to minimize erosion to the surrounding area, i.e. culverts, turnouts, armoring, and proper reseeded. All other construction as per APD.
2. (Optional) Line the reserve pit with a 12 mil., minimum, synthetic liner.

UTAH DIVISION OF WATER RIGHTS  
WATER RIGHT POINT OF DIVERSION PLOT CREATED FRI, SEP 27, 2002, 9:09 AM  
PLOT SHOWS LOCATION OF 44 POINTS OF DIVERSION

PLOT OF AN AREA WITH A RADIUS OF 5280 FEET FROM A POINT  
S 1250 FEET, E 1018 FEET OF THE NW CORNER,  
SECTION 20 TOWNSHIP 14S RANGE 8E SL BASE AND MERIDIAN

PLOT SCALE IS APPROXIMATELY 1 INCH = 2000 FEET

N O R T H  
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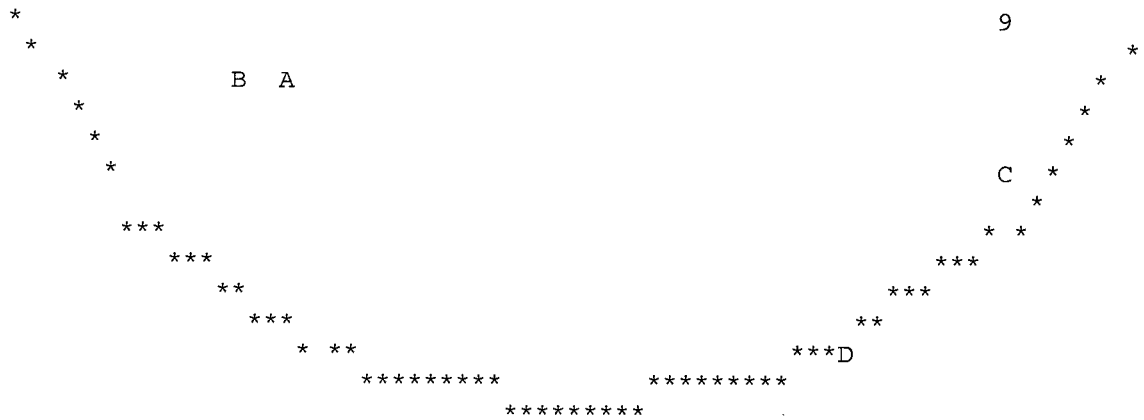
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8



UTAH DIVISION OF WATER RIGHTS  
NWPLAT POINT OF DIVERSION LOCATION PROGRAM

MAP CHAR	WATER RIGHT	QUANTITY CFS	AND/OR AC-FT	SOURCE DESCRIPTION or WELL INFO DIAMETER DEPTH YEAR LOG NORTH EAST	POINT OF DIVERSION DESCRIPTION CNR SEC TWN RNG B&M	U A P T S			
						N	P	E	U
0	91 3103	.0000	.00	Second Water Canyon Creek					
		WATER USE(S): DOMESTIC			PRIORITY DATE: 00/00/1869				
		Oman, Milton A.		717 Continental Bank Building	Salt Lake City	UT			
1	91 3438	.0000	.00	Second Water Canyon Creek					
		WATER USE(S): STOCKWATERING			PRIORITY DATE: 00/00/1869				
		McIntire, B. F.		382 L. Street	Salt Lake City	UT	84103		
2	91 151	.0380	.00	Unnamed Spring	N 1624 W 162 S4 17 14S 8E SL				
		WATER USE(S): OTHER			PRIORITY DATE: 06/28/1946				
		McIntire, Brigham F.		382 L. Street	Salt Lake City	UT			
3	91 3438	.0000	.00	Second Water Canyon Creek					
		WATER USE(S): STOCKWATERING			PRIORITY DATE: 00/00/1869				
		McIntire, B. F.		382 L. Street	Salt Lake City	UT	84103		
4	91 3436	.0110	.00	Unnamed Spring					

## Points of Diversion

WATER USE(S): STOCKWATERING McIntire, B. F.	382 L Street	PRIORITY DATE: 00/00/1869 Salt Lake City	UT		
4 91 3437 .0110 .00 Unnamed Spring				X	X
WATER USE(S): STOCKWATERING McIntire, B. F.	382 L Street	PRIORITY DATE: 00/00/1869 Salt Lake City	UT		
4 91 3439 .0000 .00 Bob Bishop Canyon Creek				X	X
WATER USE(S): STOCKWATERING McIntire, B. F.	382 L. Street	PRIORITY DATE: 00/00/1869 Salt Lake City	UT 84103		
5 91 3439 .0000 .00 Bob Bishop Canyon Creek				X	X
WATER USE(S): STOCKWATERING McIntire, B. F.	382 L. Street	PRIORITY DATE: 00/00/1869 Salt Lake City	UT 84103		
6 91 3111 .0110 .00 Unnamed Spring				X	
WATER USE(S): Oman, Milton A.	717 Continental Bank Building	PRIORITY DATE: 00/00/1869 Salt Lake City	UT		
7 91 3073 .0000 .00 Bob Bishop Canyon Creek				X	X
WATER USE(S): STOCKWATERING State of Utah School & Institutional Tru	675 East 500 South, 5th Floor	PRIORITY DATE: 00/00/1869 Salt Lake City	UT 84102		
8 91 1168 .0000 .00 South Fork Gordon Creek & Trib				X	X
WATER USE(S): Jorgensen, Ray		PRIORITY DATE: 00/00/1869 Castle Dale	UT 84513		
8 91 1601 .0000 .00 South Fork Gordon Creek & Trib				X	X
WATER USE(S): Jorgensen, John L.		PRIORITY DATE: 00/00/1869 UT			
8 91 1609 .0000 .00 South Fork Gordon Creek & Trib				X	X
WATER USE(S): Jorgensen, Joseph C.		PRIORITY DATE: 00/00/1869 Castle Dale	UT 84513		
8 91 1617 .0000 .00 South Fork Gordon Creek & Trib				X	X
WATER USE(S): Jorgensen, A. Gale		PRIORITY DATE: 00/00/1869 Castle Dale	UT 84513		
8 91 1625 .0000 .00 South Fork Gordon Creek & Trib				X	X
WATER USE(S): Jorgensen, Theron Don		PRIORITY DATE: 00/00/1869 Castle Dale	UT 84513		
9 91 1171 .0110 .00 Unnamed Spring				X	X
WATER USE(S): Jorgensen, Ray		PRIORITY DATE: 00/00/1869 Castle Dale	UT 84513		
9 91 1603 .0110 .00 Unnamed Spring				X	X

WATER USE(S):		Jorgensen, John L.		PRIORITY DATE: 00/00/1869		UT			
9	91 1611	.0110	.00 Unnamed Spring					X	X
WATER USE(S):		Jorgensen, Joseph C.		PRIORITY DATE: 00/00/1869		Castle Dale		UT	84513
9	91 1619	.0110	.00 Unnamed Spring					X	X
WATER USE(S):		Jorgensen, A. Gale		PRIORITY DATE: 00/00/1869		Castle Dale		UT	84513
9	91 1627	.0110	.00 Unnamed Spring					X	X
WATER USE(S):		Jorgensen, Theron Don		PRIORITY DATE: 00/00/1869		Castle Dale		UT	84513
A	91 4209	.1000	.00 6 10 - 500	N 1411	W 1484	SE 19	14S 8E	SL	
WATER USE(S): MINING		State of Utah School & Institutional Tru 675 East 500 South, 5th Floor		PRIORITY DATE: 09/06/1979		Salt Lake City		UT	84102
B	91 4212	1.0500	.00 Underground Water Well	N 1410	W 1785	SE 19	14S 8E	SL	X
WATER USE(S): IRRIGATION DOMESTIC STOCKWATERING		Oman, Milton A. 1714 Millcreek Way		PRIORITY DATE: 09/19/1979		Salt Lake City		UT	84106
C	91 1178	.0110	.00 Unnamed Spring					X	X
WATER USE(S):		Jorgensen, Ray		PRIORITY DATE: 00/00/1869		Castle Dale		UT	84518
C	91 1604	.0110	.00 Unnamed Spring					X	X
WATER USE(S):		Jorgensen, John L.		PRIORITY DATE: 00/00/1869				UT	
C	91 1612	.0110	.00 Unnamed Spring					X	X
WATER USE(S):		Jorgensen, Joseph C.		PRIORITY DATE: 00/00/1869		Castle Dale		UT	84513
C	91 1620	.0110	.00 Unnamed Spring					X	X
WATER USE(S):		Jorgensen, A. Gale		PRIORITY DATE: 00/00/1869		Castle Dale		UT	84513
C	91 1628	.0110	.00 Unnamed Spring					X	X
WATER USE(S):		Jorgensen, Theron Don		PRIORITY DATE: 00/00/1869		Castle Dale		UT	84513
C	91 1179	.0110	.00 Unnamed Spring					X	X
WATER USE(S):		Jorgensen, Ray		PRIORITY DATE: 00/00/1869		Castle Dale		UT	84518
C	91 1605	.0110	.00 Unnamed Spring					X	X

WATER USE(S): Jorgensen, John L.			PRIORITY DATE: 00/00/1869 UT		
C	91 1613	.0110 .00 Unnamed Spring		X	X
WATER USE(S): Jorgensen, Joseph C.			PRIORITY DATE: 00/00/1869 Castle Dale UT 84513		
C	91 1621	.0110 .00 Unnamed Spring		X	X
WATER USE(S): Jorgensen, A. Gale			PRIORITY DATE: 00/00/1869 Castle Dale UT 84513		
C	91 1629	.0110 .00 Unnamed Spring		X	X
WATER USE(S): Jorgensen, Theron Don			PRIORITY DATE: 00/00/1869 Castle Dale UT 84513		
C	91 1180	.0110 .00 Unnamed Spring		X	
WATER USE(S): Jorgensen, Ray			PRIORITY DATE: 00/00/1869 UT		
C	91 1606	.0110 .00 Unnamed Spring		X	X
WATER USE(S): Jorgensen, John L.			PRIORITY DATE: 00/00/1869 UT		
C	91 1614	.0110 .00 Unnamed Spring		X	X
WATER USE(S): Jorgensen, Joseph C.			PRIORITY DATE: 00/00/1869 Castle Dale UT 84513		
C	91 1622	.0110 .00 Unnamed Spring		X	X
WATER USE(S): Jorgensen, A. Gale			PRIORITY DATE: 00/00/1869 Castle Dale UT 84513		
C	91 1630	.0110 .00 Unnamed Spring		X	X
WATER USE(S): Jorgensen, Theron Don			PRIORITY DATE: 00/00/1869 Castle Dale UT 84513		
C	91 1168	.0000 .00 South Fork Gordon Creek & Trib		X	X
WATER USE(S): Jorgensen, Ray			PRIORITY DATE: 00/00/1869 Castle Dale UT 84513		
C	91 1601	.0000 .00 South Fork Gordon Creek & Trib		X	X
WATER USE(S): Jorgensen, John L.			PRIORITY DATE: 00/00/1869 UT		
C	91 1609	.0000 .00 South Fork Gordon Creek & Trib		X	X
WATER USE(S): Jorgensen, Joseph C.			PRIORITY DATE: 00/00/1869 Castle Dale UT 84513		
C	91 1617	.0000 .00 South Fork Gordon Creek & Trib		X	X

## Points of Diversion

Page 6 of 6

WATER USE(S):  
Jorgensen, A. Gale

PRIORITY DATE: 00/00/1869  
Castle Dale UT 84513

C 91 1625 .0000 .00 South Fork Gordon Creek & Trib

WATER USE(S):  
Jorgensen, Theron Don

X X  
PRIORITY DATE: 00/00/1869  
Castle Dale UT 84513

D 91 1657 .0000 .00 South Fork Gordon Creek

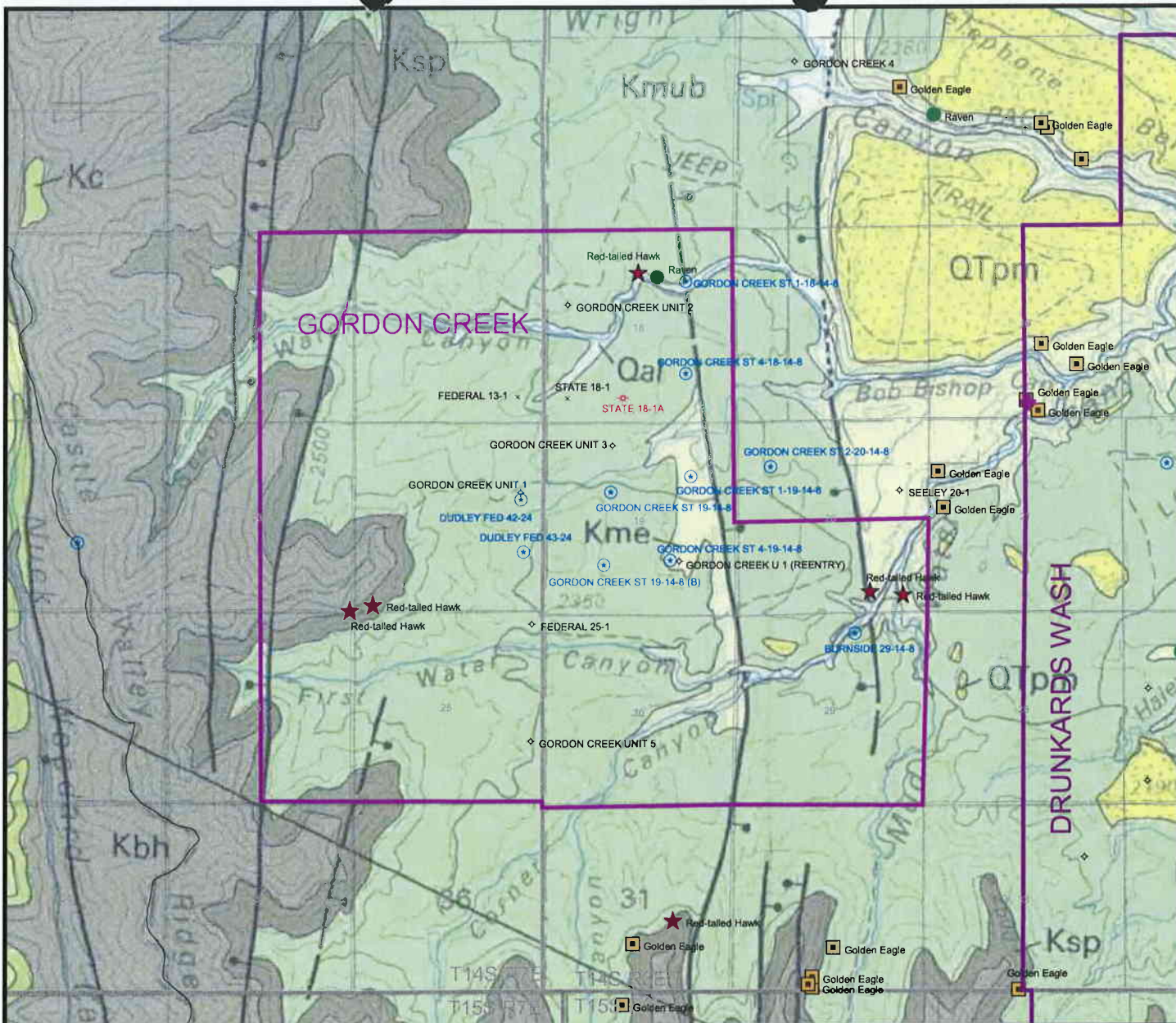
WATER USE(S): STOCKWATERING  
Burnside, Sarah McVey

X X  
PRIORITY DATE: 00/00/1869  
Huntington UT 84528

D 91 1657 .0000 .00 South Fork Gordon Creek

WATER USE(S): STOCKWATERING  
Burnside, Sarah McVey

X X  
PRIORITY DATE: 00/00/1869  
Huntington UT 84528



## LEGEND

### Well Status

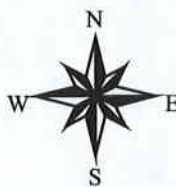
- ⚡ GAS INJECTION
- ⊙ GAS STORAGE WELL
- × LOCATION ABANDONED
- ⊙ NEW LOCATION
- ⬢ PLUGGED & ABANDONED
- ⚡ PRODUCING GAS
- PRODUCING OIL
- ⊙ SHUT-IN GAS
- SHUT-IN OIL
- × TEMP. ABANDONED
- ⊙ TEST WELL
- ⚡ WATER INJECTION
- WATER SUPPLY
- ⚡ WATER DISPOSAL

### Land Ownership

- Private Not Classed
- Forest Service
- BLM
- State Lands
- Native American
- Private
- Military
- National Parks
- State Parks
- State Wilderness
- National Recreation
- US Wildlife
- Wilderness
- Bankhead Jones
- Sovereign Lands
- Water
- Intermittent Water



## Utah Oil Gas and Mining



Prepared By: K. Michael Hebertson



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 telephone

(801) 359-3940 fax

(801) 538-7223 TTY

[www.nr.utah.gov](http://www.nr.utah.gov)

Michael O. Leavitt  
Governor

Robert L. Morgan  
Executive Director

Lowell P. Braxton  
Division Director

October 7, 2002

Klabzuba Oil & Gas, Inc.  
700 17th St., Ste. 1300  
Denver CO 80202

Re: Gordon Creek, State 2-20-14-8 Well, 1250' FNL, 1018' FWL, NW NW, Sec. 20,  
T. 14 South, R. 8 East, Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-30883.

Sincerely,

*for* John R. Baza  
Associate Director

pb

Enclosures

cc: Carbon County Assessor  
SITLA

Operator: Klabzuba Oil & Gas, Inc.  
Well Name & Number Gordon Creek, State 2-20-14-8  
API Number: 43-007-30883  
Lease: ML-46539

Location: NW NW Sec. 20 T. 14 South R. 8 East

### Conditions of Approval

1. **General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. **Notification Requirements**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. **Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

6. Surface casing shall be cemented to the surface.

STATE OF UTAH  
DIVISION OF OIL, GAS AND MINING

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.  
Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

1. Type of Well: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER:	5. Lease Designation and Serial Number: ML-46539
2. Name of Operator: Klabzuba Oil and Gas, Inc.	6. If Indian, Allottee or Tribe Name: N/A
3. Address and Telephone Number: 700—17th Street, Ste. 1300, Denver, CO 80202 1-303-382-4443	7. Unit Agreement Name: N/A
4. Location of Well Footages: 1250' FNL, 1018' FWL QQ, Sec., T., R., M.: NW/4 NW/4, Section 20, T14S, R8E, SLB&M	8. Well Name and Number: Gordon Creek, State 2-20-14-8
	9. API Well Number: 43-007-30883
	10. Field or Pool, or Wildcat: Gordon Creek
	County: Carbon State: Utah

11. **CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

**NOTICE OF INTENT**  
(Submit in Duplicate)

- |  |   |
|--|---|
| <input type="checkbox"/> Abandon                   | <input type="checkbox"/> New Construction     |
| <input type="checkbox"/> Repair Casing             | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans           | <input type="checkbox"/> Recomplete           |
| <input type="checkbox"/> Convert to Injection      | <input type="checkbox"/> Reperforate          |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Vent or Flare        |
| <input type="checkbox"/> Multiple Completion       | <input type="checkbox"/> Water Shut-Off       |
| <input type="checkbox"/> Other _____               |   |
- Approximate date work will start \_\_\_\_\_

**SUBSEQUENT REPORT**  
(Submit Original Form Only)

- |   |   |
|---|---|
| <input type="checkbox"/> Abandon *                                      | <input type="checkbox"/> New Construction     |
| <input type="checkbox"/> Repair Casing                                  | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans                                | <input type="checkbox"/> Reperforate          |
| <input type="checkbox"/> Convert to Injection                           | <input type="checkbox"/> Vent or Flare        |
| <input type="checkbox"/> Fracture Treat or Acidize                      | <input type="checkbox"/> Water Shut-Off       |
| <input checked="" type="checkbox"/> Other <u>Change of Water Source</u> |   |
- Date of work completion \_\_\_\_\_

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.

\* Must be accompanied by a cement verification report.

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

**Water for construction and drilling of this well will be provided by *Application for Temporary Change of Water* #t27140 evidenced by *Water Right* #91-777 that was approved on October 9, 2002 and expires December 31, 2002.**

**This approved application allows for the withdrawal of water from the existing water well located in the NW/4 SE/4, Section 19, T14S, R8E, SLB&M.**

**Should this water source not be adequate, water will be purchased on a quantity basis from the municipal water supply though Price River Water Improvement District (a supplier of municipal water in Carbon County).**

ORIGINAL

13.

Name & Signature: Don Hamilton Don Hamilton Title: Agent for Klabzuba Date: 10-15-02

(This space for state use only)

RECEIVED

OCT 17 2002

DIVISION OF  
OIL, GAS AND MINING

## DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

**SPUDDING INFORMATION**Name of Company: KLABZUBA OIL & GAS INCWell Name: GORDON CREEK ST 2-20-14-8Api No: 43-007-30883 Lease Type: STATESection 20 Township 14S Range 08E County CARBONDrilling Contractor UNION DRILLING RIG # 14**SPUDDED:**Date 12/05/02Time 2:00 AMHow ROTARY**Drilling will commence:** \_\_\_\_\_Reported by CHUCK EMERSONTelephone # 1-435-820-0651Date 12/09/2002 Signed: CHD

DEC 23 2002

DIV. OF OIL, GAS &amp; MINING

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 6

## ENTITY ACTION FORM

Operator: Klabzuba Oil & Gas, Inc. Operator Account Number: N 1325  
 Address: Box 40  
city Havre  
state MT zip 59501 Phone Number: (406) 262-9915

## Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300730883	Gordon Creek State 2-20-14-8		NWN	20	14S	8E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	13694	12/5/2002			12-23-02	
Comments: <b>CONFIDENTIAL</b>							

## Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
Comments:							

## Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
Comments:							

## ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Janet Cortese

Name (Please Print)

*Janet Cortese*

Signature

Production Clerk

Title

12-16-02  
Date

## NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
  - Form 8, Well Completion or Recompletion Report and Log
  - A copy of electric and radioactivity logs, if run
  - A copy of drillstem test reports,
  - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
  - A copy of core analyses, and lithologic logs or sample descriptions if compiled
  - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

---

As of the mailing of this notice, the division has not received the required reports for

Operator: KLABZUBA OIL & GAS INC

Today's Date: 10/14/2003

Well:	API Number:	Drilling Commenced:
BURNSIDE 29-14-8 T14S R08E SEC 29 WELL LOGS NOT RECEIVED	4300730725	07/21/2001
GORDON CREEK ST 2-20-14-8 T14S R08E SEC 20 WELL LOGS NOT RECEIVED	4300730883	12/05/2002

To avoid compliance action, required reports should be mailed within 7 business days to:

Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

If you have questions or concerns regarding this matter, please call (801) 538-5284.

FORM 3160-4 (July 1992)		SUBMIT IN DUPLICATE*		(See other instructions on reverse side)		FORM APPROVED OMB NO. 1004-0137 Expires: February 28, 1995	
<b>UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT</b>						5. LEASE DESIGNATION AND SERIAL NO. <b>ML-46539</b>	
<b>WELL COMPLETION OR RECOMPLETION REPORT AND LOG*</b>						6. IF INDIAN, ALLOTTEE OR TRIBE NAME <b>NA</b>	
1a. TYPE OF WORK OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> Other: _____						7. UNIT AGREEMENT NAME <b>NA</b>	
1b. TYPE OF WELL NEW WELL <input checked="" type="checkbox"/> WORKOVER <input type="checkbox"/> DEEPEN <input type="checkbox"/> Plug Back <input type="checkbox"/> DIFF RESVR. <input type="checkbox"/> Other: _____						8. FARM OR LEASE NAME, WELL NO. <b>Gordon Creek State</b>	
2. NAME OF OPERATOR <b>Klabzuba Oil &amp; Gas Co.</b>						9. WELL NO. <b>2-20-14-8</b>	
3. ADDRESS AND TELEPHONE NO. <b>700 17th St. Suite 1300 Denver, CO 80202</b>						10. FIELD AND POOL OR WILDCAT <b>NA</b>	
4. LOCATION OF WELL (Report locations clearly and in accordance with any State requirements.)* At Surface <b>1250' FNL &amp; 1018' FWL (NW/NW) Sec. 20, Twp. 14S, Rng. 8E</b> At top prod. Interval reported below <b>Same</b> At total depth <b>Same</b>						11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA <b>NW/NW Sec. 20, Twp. 14S, Rng. 8E</b>	
14. API NO. <b>43-007-30883</b>						DATE ISSUED <b>Oct. 2002</b>	
12. COUNTY OR PARISH <b>Carbon</b>						13. STATE <b>UT</b>	
15. DATE SPUNDED <b>12/05/02</b>		16. DATE T.D. REACHED <b>12/15/02</b>		17. DATE COMPL. (Ready to prod.) <b>3-15-03NA</b>		18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* <b>7399' GR 7409' KB</b>	
20. TOTAL DEPTH, MD & TVD <b>3733' KB</b>		21. PLUG BACK T.D., MD & TVD <b>3727' KB</b>		22. IF MULTIPLE COMPL., HOW MANY* <b>3</b>		23. INTERVALS DRILLED BY <b>-----&gt;</b>	
24. PRODUCING INTERVAL(S), OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD)* <b>Waiting to finish Completion</b>						25. WAS DIRECTIONAL SURVEY MADE <b>No</b>	
26. TYPE ELECTRIC AND OTHER LOGS RUN <b>Open Hole DIGL/SP/CDL/GR/Cal</b>						27. WAS WELL CORED <b>No</b>	
<b>23. CASING RECORD (Report all strings set in well)</b>							
CASING SIZE/GRADE		WEIGHT, LB./FT.		DEPTH SET (MD)		HOLE SIZE	
8-5/8" - J-55		23#		2215'		12-1/4"	
5 1/2" - N-80		17#		3733'		7 7/8"	
29. LINER RECORD							
SIZE		TOP (MD)		BOTTOM (MD)		SACKS CEMENT*	
30. TUBING RECORD							
SIZE		DEPTH SET (MD)		PACKER SET (MD)			
2-3/8"		EOT @		CIBP @ 3530' KE			
		3381' KB					
31. PERFORATION RECORD (Interval, size and number)				32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.			
INTERVAL		SIZE		SPF#shots		DEPTH INTERVAL (MD)	
Ferron Marine & Lower A) 3690' & 3660-7'		0.51"		4/112		Same	
on Upper A & Lower B) 3628-35' & 3614-18', 3580-90' & 354'		0.51"		4/108		Same	
(Ferron C) 3476-92' & 3444'		0.51"		4/152		Same	
33. PRODUCTION							
DATE FIRST PRODUCTION <b>NA</b>		PRODUCTION METHOD (Flowing, gas lift, pumping--size and type of pump) <b>NA</b>					WELL STATUS (Producing or shut-in) <b>TA Waiting on Frac</b>
DATE OF TEST		HOURS TESTED		CHOKE SIZE		PROD'N. FOR TEST PERIOD	
FLOW. TUBING PRESS.		CASING PRESSURE		CALCULATED 24-HOUR RATE		OIL-BBL.	
NA		800				0	
						GAS-MCF.	
						0	
						WATER-BBL.	
						0 bbls	
						OIL GRAVITY-API (CORR.)	
34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) <b>NA</b>						TEST WITNESSED BY <b>NOV 28 2003</b>	
35. LIST OF ATTACHMENTS							
36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records							
SIGNED <b>George Rooney</b>		TITLE <b>Petroleum Engineer</b>			DATE <b>11/28/2003</b>		
					GBRIV		

\*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof, cored intervals, and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries);	38. GEOLOGIC MARKERS						
	FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	MEAS. DEPTH	TRUE VERT. DEPTH
				Gorden Creek State 2-20-14-8	Emery SS Member (Mancos)	@ surface	
				CONFIDENTIAL	Mancos Blue Gate Marker	3274'	
					Ferron C	3420'	
					Ferron B	3503'	
					Ferron A	3610'	
					Ferron Marine	3694'	

RECEIVED  
NOV 28 2003

RECEIVED  
NOV 28 2003  
DIV. OF OIL, GAS & MINING

CONFIDENTIAL

011

FORM 3160-4  
(July 1992)

SUBMIT IN DUPLICATE\*

(See other instructions on reverse side)

FORM APPROVED  
OMB NO. 1004-0137  
Expires: February 28, 1995

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG\*

1a. TYPE OF WORK  
OIL WELL ☐ GAS WELL ☒ DRY ☐ Other: \_\_\_\_\_

1b. TYPE OF WELL  
NEW WELL ☒ WORKOVER ☐ DEEPEN ☐ Plug Back ☐ DIFF RESRV. ☐ Other: \_\_\_\_\_

2. NAME OF OPERATOR  
Klabzuba Oil & Gas Co.

3. ADDRESS AND TELEPHONE NO.  
700 17th St. Suite 1300 Denver, CO 80202

4. LOCATION OF WELL (Report locations clearly and in accordance with any State requirements.)\*  
At Surface  
1250' FNL & 1018' FWL (NW/NW) Sec. 20, Twp. 14S, Rng. 8E  
At top prod. Interval reported below  
Same  
At total depth  
Same

5. LEASE DESIGNATION AND SERIAL NO.  
ML-46539

6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
NA

7. UNIT AGREEMENT NAME  
NA

8. FARM OR LEASE NAME, WELL NO.  
Gordon Creek State

9. WELL NO.  
2-20-14-8

10. FIELD AND POOL OR WILDCAT  
NA

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA  
NW/NW Sec. 20, Twp. 14S, Rng. 8E

12. COUNTY OR PARISH  
Carbon

13. STATE  
UT

14. API NO.  
43-007-30883

DATE ISSUED  
Oct. 2002

15. DATE SPUDDED  
12/05/02

16. DATE T.D. REACHED  
12/15/02

17. DATE COMPL. (Ready to prod.)  
NA

18. ELEVATIONS (DF, RKB, RT, GR, ETC.)\*  
7399' GR 7409' KB

19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD  
3733' KB

21. PLUG BACK T.D., MD & TVD  
3727' KB

22. IF MULTIPLE COMPL., HOW MANY\*  
3

23. INTERVALS DRILLED BY  
----->

ROTARY TOOLS  
X

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD)\*  
Waiting to finish Completion

25. WAS DIRECTIONAL SURVEY MADE  
No

26. TYPE ELECTRIC AND OTHER LOGS RUN  
Open Hole DIGL/SP/CDL/GR/Cal - Rec 1-13-04

27. WAS WELL CORED  
No

23. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
8-5/8" - J-55	23#	2215'	12-1/4"	xs 50/50 Premium Lite II, 280 sxs of Class G, 20 sxs G A-10, Ready Mix T	
5 1/2" - N-80	17#	3733'	7 7/8"	60 sxs Premium Lite II & 150 sxs Premium II	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-3/8"	EOT @	CIBP @ 3530' KE
	3381' KB	

31. PERFORATION RECORD (Interval, size and number)

INTERVAL	SIZE	SPF#shots
Ferron Marine & Lower A) 3690-00' & 3660-7'	0.51"	4/112
on Upper A & Lower B) 3628-35' & 3614-18', 3580-90' & 3560-00'	0.51"	4/108
(Ferron C) 3476-92' & 3422-44'	0.51"	4/152

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
Same	Acidize w/1000 gal 15% HCL Non-productive
Same	Acidize w/1000 gal 15% HCL Non-productive
Same	Acidize w/2000 gal 15% HCL waiting on Frac

33.\* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping--size and type of pump)	WELL STATUS (Producing or shut-in)
NA	NA	Waiting on Frac

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL-BBLS.	GAS-MCF.	WATER-BBL.	GAS-OIL RATIO
			----->	0	0	0 bbls	0

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL-BBL.	GAS-MCF.	WATER-BBL.	OIL GRAVITY-API (CORR.)
NA	800	----->	0	NA	0	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)  
NA

TEST WITNESSED BY

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED George B. Rooney TITLE Petroleum Engineer DATE 11/28/2003

GBRIV

\*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

RECEIVED

JAN 20 2004

DIV. OF OIL, GAS &amp; MINING

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals, and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries);				38. GEOLOGIC MARKERS		
FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
Gorden Creek State 2-20-14-8  <div>CONFIDENTIAL</div>				Emery SS Member (Mancos)	@ surface	
				Mancos Blue Gate Marker	3274'	
				Ferron C	3420'	
				Ferron B	3503'	
				Ferron A	3610'	
				Ferron Marine	3694'	

012



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

MARY ANN WRIGHT  
*Acting Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

March 3, 2005

CERTIFIED MAIL NO. 7002 0510 0003 8602 5788

Mr. George Rooney  
Klabzuba Oil & Gas Inc.  
700 17<sup>th</sup> Street, Suite 1300  
Denver, Colorado 80202

Re: Extended Shut-in and Temporarily Abandoned Well Requirements for Fee or State Leases.

Dear Mr. Rooney:

As of March 2005, Klabzuba Oil & Gas Inc. has one (1) Fee Lease Well and two (2) State Lease Wells (see attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months require the filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining ("Division") approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (R649-3-36-1.3.3).

For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Page 2  
Mr. George Rooney  
March 3, 2005

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet  
Petroleum Engineer

DTS:jc  
Attachment  
cc: John Baza  
Well File  
SITLA

## ATTACHMENT A

	Well Name	Location	API	Lease Type	Years Inactive
1	Gordon Creek St 1A-18-14-8	SENE Sec 18-T14S-R8E	43-007-30892	State	1 Year 3 Months
2	Gordon Creek ST 2-20-14-8	NWNW <del>Sec 20-T14S-R8E</del>	43-007-30883	State	1 Year 3 Months
3	Burnside 29-14-8	NWNE Sec 29-T14S-R8E	43-007-30725	Fee	1 Year 3 Months

**State of Utah****Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

MARY ANN WRIGHT  
*Acting Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

May 2, 2005

Mr. George Rooney  
Klabzuba Oil & Gas Inc.  
700 17<sup>th</sup> Street, Suite 1300  
Denver, Colorado 80202

Re: Extended Shut-in and Temporarily Abandoned Well Requirements for Fee or State Leases dated March 3, 2005.

Dear Mr. Rooney:

The Division of Oil, Gas and Mining (the "Division") is in receipt of your letter dated April 27, 2005 (received by the Division 04/29/2005) in regards to the three (3) shut-in wells operated by Klabzuba Oil & Gas Inc. ("Klabzuba"). It is the Division's understanding that Klabzuba plans to plug and abandon (P&A) the Burnside 29-14-8 (API # 43-007-30725) and the ~~GCS 2-20-14-8~~ (API # 43-007-30885) this summer. The third well, the GCS 1A-18-14-8 (API # 43-007-30892) has been returned to production.

Based on the submitted plan of action, the Division grants Klabzuba extended shut-in and temporarily abandoned status for the Burnside 29-14-8 and the GCS 2-20-14-8 wells. The extensions for these wells are valid through October 1, 2005 to allow time to accomplish the P&A work. Sundry Notice of Intents for the proposed work should be submitted to and approved by the Division prior to initiating work. If you have any questions or need additional assistance in regards to the above matters please contact me at (801) 538-5281.

Sincerely,

A handwritten signature in black ink, appearing to read "Dustin Doucet".

Dustin Doucet  
Petroleum Engineer

cc: SITLA  
Well File

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS, AND MINING

014

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT -" for such proposals

**SUBMIT IN TRIPLICATE**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas well <input type="checkbox"/> Other	5. Lease Designation and Serial No. ML-46539
2. Name of Operator KLABZUBA OIL & Gas INC.	6. If Indian, Allottee or Tribe Name NA
3. Address and Telephone No. 700 Seventeenth Street, Suite 1300 Denver, CO 80202 (303) 299-9097	7. If unit or CA, Agreement Designation NA
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) NW/NW 1250' FNL & 1018' FWL Section 20-T14S-R8E	8. Well Name and No. GCS 2-20-14-8
	9. API Well No. 43-007-30883
	10. Field and Pool, or Exploratory Area Gordon Creek
	11. County or Parish, State Carbon, UT

12 CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA	
TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water
	(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)

Klabzuba Oil & Gas Inc. is requesting approval to plug the Gordon Creek State 2-20-14-8. Procedure and WBD enclosed.

14. I hereby certify that the foregoing is true and correct.  
Signed George B. Rooney Title Project Engineer Date 06.06.05  
George Rooney

(This space of Federal or State office use.)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
Conditions of approval, if any: \_\_\_\_\_

COPY SENT TO OPERATOR

Date: 6-21-05

Initials: CHD

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly to make to any department of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**APPROVED BY THE STATE  
OF UTAH DIVISION OF  
OIL, GAS, AND MINING**

DATE: 6/20/05  
BY: [Signature]

\* See Conditions of Approval (attached)

**RECEIVED**

**JUN 09 2005**

DIV. OF OIL, GAS & MINING

# Proposed - Plugging Procedure – 06-06-05

## **Gordon Creek State #2-20-14-8**

(1,250' FNL & 1,018' FWL)  
NW/NW Section 20-T14S-R8E  
Carbon Co., Utah

**Elevations:** KB: 7,369' (10') GR: 7,359'

**Bot. Hole Temp:** 85 deg. F – Open hole logging temp – Assume this is lower than static

**Surface Casing:** 8-5/8" 24# J-55 ST&C @ 2,215' KB & Cmt'd with 665 sks Premium Lite II (lead), 340 sks Class G (tail), and 90 sks Thix, 200 sks Class G, and 9 yds of redi mix above casing packer @ 311' KB.

**Intermediate Csg:** None

**Production Casing:** 5 1/2" 11.6# N-80 LT&C @ 3,733' KB & Cmt'd with 60 sks Premium Lite II (lead) & 150 sks Premium II.

**Short Joint @ 3,272' KB**

**Casing Volume:** Empty to a drilled out depth of 3,720' = 86 bbl or 23.2 bbl/1000'

**Tubing Volume:** Empty @ 3,720' = 14.4 bbl or 3.87 bbl/1000'

**Cement Top 5 1/2":** 1,950' KB

**Tubing:** 2-3/8" 4.7# J55 EUE 8rd – new

<u>Pipe:</u>	<u>Capacity</u>	<u>Tension</u>	<u>Burst</u>	<u>Collapse</u>	<u>ID</u>	<u>ID (Drift)</u>	<u>OD (collar)</u>
	(BBL/ft)						
5-1/2" 17# N-80	.0232	348,000	7,740	6,280	4.892	4.767"	
2-3/8" 4.7# J-55	.00387	71,730	7,700	8,100	1.995	1.901"	3.063"
5-1/2" 17.0# * 2-3/8"	.0178						

### Plugging Procedure:

1. RU Well Service Unit, bring in Swab Tank, and Pump.
2. NU BOP
3. PU & TOOH with 2-3/8" J55 tbg & SN
4. RU wireline truck & set CIBP @ 3,390'KB Top perf @ 3,422'KB
5. RD wireline truck
6. TIH w/ 2 3/8" tbg and tag CIBP
7. Circulate production water and load the hole
8. Pull tbg up to 3,370' and set balanced cement plug (Class G) from 3,370' to 3,270'KB
9. Pull tbg up to 2,230' and set balanced cement plug (Class G) from 2,230' to 2,130'KB
10. Pull tbg up to 100' and set balanced cement plug (Class G) from 100' to 10' below surface

11. TOOH w/tbg
12. SI well w/BOP
13. RD WO rig & MOL
14. ND BOP, rig down wellhead, cut all casing strings off 3' below GL
15. Weld plate on 8 5/8" csg and install DHM with following info: Loc., Well Name, API #, Lease #, spud date, plugging date

Spud Date: 12/05/02  
Waiting on Final Completion  
GL: 7359' KB: 7369'

## Gordon Creek State 2-20-14-8

Wellbore Diagram

Updated 11/28/03

Initial Production: NA MCFPD

### SURFACE CASING

CSG SIZE: 8-5/8"  
GRADE: J-55  
WEIGHT: 23#  
LENGTH: 2178'  
DEPTH LANDED: 2215' KB  
HOLE SIZE: 12-1/4"  
CEMENT DATA: Cmt'd with 665 sks Premium Lite II (lead), 280 sks Class G (tail), and 20 sks Class G A-10. Ready mix 12 yds (top out).

### INTERMEDIATE CASING

CSG SIZE:  
GRADE:  
WEIGHT:  
LENGTH:  
DEPTH LANDED:  
HOLE SIZE:  
CEMENT DATA:  
CEMENT TOP AT:

### PRODUCTION CASING

CSG SIZE: 5-1/2"  
GRADE: N-80  
WEIGHT: 17.0#  
LENGTH: 88 jts. + Landing Joint (3739')  
DEPTH LANDED: 3733' KB  
HOLE SIZE: 7 7/8"  
CEMENT DATA: 60 sxs Prem. Lite II (Lead) & 150 sxs Prem. II (Tail)  
CEMENT TOP AT: 2110' per CBL

### TUBING

SIZE/GRADE/WT.: 2-3/8" / J-55 / 4.7#  
NO. OF JOINTS: 103  
SN: XN (1.10') @ 3348' KB  
PACKER: None  
EOT @ 3381' KB

### SUCKER RODS

POLISHED ROD:  
SUCKER RODS:  
PUMP SIZE:  
STROKE LENGTH:  
PUMP SPEED:

### Logs

LOGS: Open Hole DIL, CNLD, GR, SP  
Cased hole: CBL

# Marine

GBR IV

Well Completion

### Ferron Marine- Lower A

12/20/02 Lower A: 3660-78' & Marine: 3690'-3700'

#### Acidize as follows:

1000 gals 15% HCL 5.5 BPM.  
Press: 2200-2600 psig. ISIP 2900 psig  
On Vacuum.

### Ferron Upper A & Lower B

12/20/02 Upper A: 3628-35' & 3614-18' Lower B: 3580-90' & 3562-68'

#### Acidize as follows:

1000 gals 15% HCL 5.5 BPM.  
Press: 2300-2500 psig. ISIP 660 psig  
Slight blow.

### Ferron C

06/10/03 3476-92' & 3422-44'

#### Acidize as follows:

2000 gals 15% HCL 5.5 BPM.  
Press: 2800-3300 psig. ISIP 560psig  
Slight Blow w/ burnable gas

EOT 3381' KB

3422-44'

3476-92'

CIBP - 3530' KB

3562-68'

3580-90'

3614-18'

3628-35'

3660-78'

3690-00'

SN: 3348' KB  
EOT: 3381' KB  
PBTD: 3727' KB  
Shoe: 3733' KB

### PERFORATION RECORD

12/19/02	3690-00'	4 JSPF	40 holes
12/19/02	3660-78'	4 JSPF	72 holes
12/19/02	3628-35'	4 JSPF	28 holes
12/19/02	3614-18'	4 JSPF	16 holes
12/19/02	3580-90'	4 JSPF	40 holes
12/19/02	3562-68'	4 JSPF	24 holes
06/10/03	3476-92'	4 JSPF	64 holes
06/10/03	3422-44'	4 JSPF	88 holes

Klabzuba Oil & Gas Co.

Gordon Creek 2-20-14-8

1018' FWL & 1250' FNL

NW/NW Section 20-T14S-R8E

Carbon Co, Utah

API #43-007-30883

State of Utah Lease # - ML-46539

# KLABZUBA OIL AND GAS

A FAMILY LIMITED PARTNERSHIP

700 Seventeenth Street, Suite 1300  
Denver, Colorado 80202-3512  
Phone: 303-299-9097 Fax: 303-299-9087

June 6, 2005

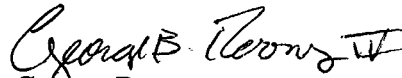
Division of Oil, Gas, and Mining  
P.O. Box 145801  
Salt Lake City, UT 84114-4820  
Attn: Dustin Doucet

Dear Dustin,

Enclosed are the sundry, procedure, and wellbore diagram to plug the Burnside 29-14-8 and the Gordon Creek State 2-20-14-8.

Please call me at (303) 619-1908 if you have any questions.

Sincerely,

  
George Rooney

RECEIVED  
JUN 09 2005  
DIV. OF OIL, GAS & MINING

**Principal Office**

Lexington Place  
930 West First Street  
Fort Worth, Texas 76102  
Phone 817-336-5757 FAX 817-336-5927

**Havre Office**

P.O. Box 40  
4100 1st Street West  
Havre, Montana 59501  
Phone 406-262-9900 FAX 406-262-9400

**Arkoma Basin Office**

5908 Jenny Lind Road  
Fort Smith, Arkansas 72908-7497  
Phone 479-649-0300 FAX 479-649-0500



State of Utah

Department of  
Natural Resources

MICHAEL R. STYLER  
*Executive Director*

Division of  
Oil, Gas & Mining

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

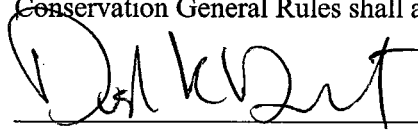
GARY R. HERBERT  
*Lieutenant Governor*

## ***CONDITIONS OF APPROVAL TO PLUG AND ABANDON WELL***

Well Name and Number: Gordon Creek State 2-20-14-8  
API Number: 43-007-30883  
Operator: Klabzuba Oil & Gas Inc.  
Reference Document: Original Sundry Notice Dated June 6, 2005  
Received by DOGM on June 9, 2005

### Approval Conditions:

1. Notify the Division at least 24 hours prior to conducting abandonment operations. Please call Dan Jarvis at 801-538-5338.
2. All intervals between plugs shall be filled with noncorrosive fluid.
3. All annuli shall be cemented from 100 ft to surface (R649-3-24.3.3).
4. Balanced plugs shall be tagged to ensure the plugs are at the depths specified in the proposal.
5. All requirements in the Oil and Gas Conservation General Rule R649-3-24 shall apply.
6. If there are any changes to the plugging procedure or the wellbore configuration, notify Dustin Doucet at 801-538-5281 prior to continuing with the procedure.
7. All other requirements for notice and reporting in the Oil and Gas Conservation General Rules shall apply.

  
\_\_\_\_\_  
Dustin K. Doucet  
Petroleum Engineer

\_\_\_\_\_  
June 20, 2005  
Date

API Well No: 43-007-30883-00-00 Permit No:

Well Name/No: GORDON CREEK ST 2-20-14-8

Company Name: KLABZUBA OIL &amp; GAS INC

Location: Sec: 20 T: 14S R: 8E Spot: NWNW

Coordinates: X: 495146 Y: 4382841

Field Name: UNDESIGNATED

County Name: CARBON

## String Information

String	Bottom (ft sub)	Diameter (inches)	Weight (lb/ft)	Length (ft)
HOL1	2215	12.25		
SURF	2215	8.625	23	2215
HOL2	3733	7.875		
PROD	3733	5.5	17	3733
TI	3381	2.375		

5.192  
7.661

Surface plug

$$110 / ((1.21)(5.661)) = 12.5 \text{ sks} > 30 \text{ sks}$$

$$110 / ((1.21)(5.192)) = 18.5 \text{ sks}$$

## Cement Information

String	BOC (ft sub)	TOC (ft sub)	Class	Sacks
PROD	3733	2110	LT	60
PROD	3733	2110	PM	150
SURF	2215	0	PM	
SURF	2215	0	G	280
SURF	2215	0	UK	20

## Perforation Information

Top (ft sub)	Bottom (ft sub)	Shts/Ft	No Shts	Dt Squeeze
3422	3700			

Cement from 2215 ft. to surface

Surface: 8.625 in. @ 2215 ft.

Hole: 12.25 in. @ 2215 ft.

Balanced plug 2230' - 2130'

$$100 / ((1.21)(7.661)) = 12.5 \text{ sks}$$

## Formation Information

Formation	Depth
BLUGT	3274
FRSD	3420

Cement from 3733 ft. to 2110 ft.

Tubing: 2.375 in. @ 3381 ft.

Production: 5.5 in. @ 3733 ft.

CIBP 3370 Balanced plug 3370' - 3270'

Hole: 7.875 in. @ 3733 ft.

Approx 12.5 sks

$$100 / ((1.21)(7.661)) = 12.5 \text{ sks}$$

Top perf  
3422'

TD: 3733 TVD: 3733 PBD: 3727

## ROUTING

## OPERATOR CHANGE WORKSHEET

1. DJJ

2. CDW

## X Change of Operator (Well Sold)

Designation of Agent/Operator

Operator Name Change

Merger

The operator of the well(s) listed below has changed, effective:

1/1/2006

**FROM:** (Old Operator):

N1325-Klabzuba Oil & Gas, Inc.  
700 17th St, Suite 1300  
Denver, CO 80202-3512

Phone: 1-(303) 299-9097

**TO:** (New Operator):

N2560-Fellows Energy Ltd.  
8716 Arapahoe Road  
Boulder, CO 80303

Phone: 1-(303) 926-4415

CA No.

Unit:

**WELL(S)**

NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS	
GORDON CREEK ST 3-5-14-8	05	140S	080E	4300730932		State	GW	APD	C
GORDON CREEK ST 1-7-14-8	07	140S	080E	4300730902		State	GW	APD	C
GORDON CREEK ST 3-7-14-8	07	140S	080E	4300730903		State	GW	APD	C
GORDON CREEK ST 4-7-14-8	07	140S	080E	4300730904		State	GW	APD	C
GORDON CREEK ST 4-18-14-8	18	140S	080E	4300730881	13665	State	GW	S	
GORDON CREEK ST 1A-18-14-8	18	140S	080E	4300730892	13709	State	GW	P	
GORDON CREEK U 1	19	140S	080E	4300730044	13707	State	GW	P	
GORDON CREEK ST 19-14-8	19	140S	080E	4300730724	13251	State	GW	P	
GORDON CREEK ST 19-14-8 (B)	19	140S	080E	4300730807	13708	State	GW	S	
GORDON CREEK ST 1-19-14-8	19	140S	080E	4300730874	13646	State	GW	P	
GORDON CREEK ST 2-20-14-8	20	140S	080E	4300730883	13694	State	GW	TA	
GORDON CREEK ST 3-20-14-8	20	140S	080E	4300730905		State	GW	APD	C
BURNSIDE 29-14-8	29	140S	080E	4300730725	13250	Fee	GW	S	
GORDON CREEK ST 2-29-14-8	29	140S	080E	4300730906		State	GW	APD	C
GORDON CREEK ST 1-30-14-8	30	140S	080E	4300730875		State	GW	APD	C

## OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

1. (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 3/28/20062. (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 3/28/20063. The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 5/25/20054. Is the new operator registered in the State of Utah: YES Business Number: 5589189-01435. If **NO**, the operator was contacted on:6a. (R649-9-2) Waste Management Plan has been received on: Requested 3/29/20066b. Inspections of LA PA state/fee well sites complete on: n/a

15-K

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
KLABZUBA OIL & GAS, INC.

3. ADDRESS OF OPERATOR:  
700 17th St., Suite 1300 CITY Denver STATE CO ZIP 80202-3512 PHONE NUMBER: (303) 299-9097

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: SEE ATTACHMENT

COUNTY: CARBON

QTR/4QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

STATE: UTAH

5. LEASE DESIGNATION AND SERIAL NUMBER:  
SEE ATTACHMENT

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:  
N/A

7. UNIT or CA AGREEMENT NAME:  
N/A

8. WELL NAME and NUMBER:  
SEE ATTACHMENT

9. API NUMBER:

10. FIELD AND POOL, OR WILDCAT:  
GORDON CREEK

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

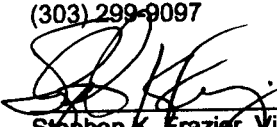
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Change of Operator from Klabzuba Oil & Gas, Inc. to Fellows Energy, Limited, effective January 1, 2006:

From: N1325  
Klabzuba Oil & Gas, Inc.  
700 17th Street, Suite 1300  
Denver, Colorado 80202-3512

(303) 299-9097

  
Stephen K. Frazier, Vice President

Date: 3-13-06

To: N2560  
Fellows Energy, Limited  
8716 Arapahoe Road  
Boulder, Colorado 80303

(303) 926-4415

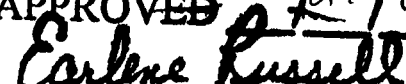
  
Steven L. Prince, Vice President Operations

Date: 3-13-06

NAME (PLEASE PRINT) \_\_\_\_\_ TITLE \_\_\_\_\_

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

(This space for State use only)

APPROVED 3/29/06  
  
Earlene Russell  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED  
MAR 28 2005

DIV. OF OIL, GAS AND MINING

**EXHIBIT "A"**  
**SUNDRY NOTICES AND REPORTS ON WELLS**

CHANGE OF OPERATOR FROM KLABZUBA OIL & GAS, INC. TO FELLOWS ENERGY, LIMITED, EFFECTIVE JANUARY 1, 2006

<b>API #</b>	<b>Well Name</b>	<b>Description</b>	<b>Lease Serial Number</b>
43-007-30044	Gordon Creek Unit #1	NW/4SE/4 of Section 19, T14S-R8E, SLB&M	ML-46539
43-007-30724	Gordon Creek State 19-14-8	SE/4NW/4 of Section 19, T14S-R8E, SLB&M	ML-27908
43-007-30725	Burnside 29-14-8	NW/4NE/4 of Section 29, T14S-R8E, SLB&M	
43-007-30807	Gordon Creek State 19-14-8(B)	NW/4SW/4 of Section 19, T14S-R8E, SLB&M	ML-27908
43-007-30874	Gordon Creek State 1-19-14-8	SE/4NE/4 of Section 19, T14S-R8E, SLB&M	ML-46539
43-007-30881	Gordon Creek State 4-18-14-8	SE/4SE/4 of Section 18, T14S-R8E, SLB&M	ML-46537
43-007-30883	Gordon Creek State 2-20-14-8	NW/4NW/4 of Section 20, T14S-R8E, SLB&M	ML-46539
43-007-30892	Gordon Creek State 1A-18-14-8	SE/4NE/4 of Section 18, T14S-R8E, SLB&M	ML-46537
43-007-30875	Gordon Creek State 1-30-14-8	NE/4NE/4 of Section 30, T14S-R8E, SLB&M	ML-46539
43-007-30902	Gordon Creek State 1-7-14-8	SE/4NE/4 of Section 7, T14S-R8E, SLB&M	ML-46537
43-007-30903	Gordon Creek State 3-7-14-8	SE/4SW/4 of Section 7, T14S-R8E, SLB&M	ML-46537
43-007-30904	Gordon Creek State 4-7-14-8	NE/4SE/4 of Section 7, T14S-R8E, SLB&M	ML-46537
43-007-30905	Gordon Creek State 3-20-14-8	SW/4SW/4 of Section 20, T14S-R8E, SLB&M	ML-46539
43-007-30906	Gordon Creek State 2-29-14-8	NW/4NW/4 of Section 29, T14S-R8E, SLB&M	ML-46539
43-007-30932	Gordon Creek State 3-5-14-8	SE/4SW/4 of Section 5, T14S-R8E, SLB&M	ML-46537

Division of Oil, Gas and Mining  
**OPERATOR CHANGE WORKSHEET**

**ROUTING**

1. DJJ

2. CDW

**X - Change of Operator (Well Sold)**

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

**6/1/2007**

**FROM: (Old Operator):**  
 N2560-Fellows Energy, LTD  
 8716 Arapahoe Rd  
 Boulder, CO 80303

Phone: 1 (303) 327-1515

**TO: ( New Operator):**  
 N3245-Gordon Creek, LLC  
 807 N Pinewood Cir  
 Price, UT 84501

Phone: 1 (435) 650-4492

**CA No.**

**Unit:**

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 9/27/2007
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 9/27/2007
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 10/30/2007
- a. Is the new operator registered in the State of Utah: Business Number: 6208039-0160
- b. If **NO**, the operator was contacted on: \_\_\_\_\_
- a. (R649-9-2)Waste Management Plan has been received on: IN PLACE
- b. Inspections of LA PA state/fee well sites complete on: 6/15/2007
- c. Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM BIA
- Federal and Indian Units:**  
 The BLM or BIA has approved the successor of unit operator for wells listed on: \_\_\_\_\_
- Federal and Indian Communization Agreements ("CA"):**  
 The BLM or BIA has approved the operator for all wells listed within a CA on: \_\_\_\_\_
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: 10/15/2007

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on: 10/15/2007
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 10/15/2007
- Bond information entered in RBDMS on: 10/15/2007
- Fee/State wells attached to bond in RBDMS on: 10/15/2007
- Injection Projects to new operator in RBDMS on: 10/15/2007
- Receipt of Acceptance of Drilling Procedures for APD/New on: 9/27/2007

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: \_\_\_\_\_
- Indian well(s) covered by Bond Number: \_\_\_\_\_
- a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number RLB0010790
- b. The **FORMER** operator has requested a release of liability from their bond on: not yet  
 The Division sent response by letter on: \_\_\_\_\_

**LEASE INTEREST OWNER NOTIFICATION:**

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 10/16/2007

**COMMENTS:**

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
Gordon Creek, LLC

3. ADDRESS OF OPERATOR:  
807 North Pinewood Circle CITY Price STATE UT ZIP 84501

PHONE NUMBER:  
(435) 650-4492

4. LOCATION OF WELL

FOOTAGES AT SURFACE: \_\_\_\_\_

COUNTY: \_\_\_\_\_

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: \_\_\_\_\_

STATE: UTAH

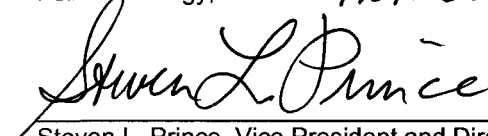
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

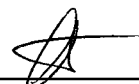
Change of Operator from Fellows Energy, Ltd. to Gordon Creek, LLC effective June 1, 2007:

Bond # for Gordon Creek, LLC is RLB 0010790

From: Fellows Energy, Ltd. N2560  
  
Steven L. Prince, Vice President and Director

Date: 3 AUGUST 2007

To: Gordon Creek, LLC N3245  
By Thunderbird Energy Inc., its Managing Member

  
Cameron White, President

Date: AUGUST 3, 2007

NAME (PLEASE PRINT) \_\_\_\_\_ TITLE \_\_\_\_\_

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

(This space for State use only)

APPROVED 10/15/07

  
Earlene Russell, Engineering Technician

Division of Oil, Gas and Mining (See Instructions on Reverse Side)

Earlene Russell, Engineering Technician

RECEIVED

SEP 27 2007

DIV. OF OIL, GAS & MINING

Fellows Energy, LLC (N2560) to Gordon Creek, LLC (N3245)

well_name	sec	tpw	rng	api	entity	lease	well	stat	flag	unit	qtr_qtr	l_num	op no	zone
GORDON CREEK U 1	19	140S	080E	4300730044	13707	State	GW	P			NWSE	ML-46539	N2560	FRSD
GORDON CREEK ST 19-14-8	19	140S	080E	4300730724	13251	State	GW	P			SENE	ML-27908	N2560	FRSD
BURNSIDE 29-14-8	29	140S	080E	4300730725	13250	Fee	GW	S			NWNE	FEE	N2560	FRSD
GORDON CREEK ST 19-14-8 (B)	19	140S	080E	4300730807	13708	State	GW	S			NESW	ML-27908	N2560	FRSD
GORDON CREEK ST 1-19-14-8	19	140S	080E	4300730874	13646	State	GW	P			SENE	ML-46539	N2560	FRSD
GORDON CREEK ST 4-18-14-8	18	140S	080E	4300730881	13665	State	GW	S			SESE	ML-46537	N2560	FRSD
GORDON CREEK ST 2-20-14-8	20	140S	080E	4300730883	13694	State	GW	S			NWNW	ML-46539	N2560	FRSD
GORDON CREEK ST 1A-18-14-8	18	140S	080E	4300730892	13709	State	GW	P			SENE	ML-46537	N2560	FRSD
GORDON CREEK ST 4-7-14-8	07	140S	080E	4300731230		State	GW	APD	TRUE		NESE	ML-46537	N2560	
GORDON CREEK ST 1-7-14-8	07	140S	080E	4300731231		State	GW	APD	TRUE		SENE	ML-46537	N2560	
GORDON CREEK ST 3-7-14-8	07	140S	080E	4300731232		State	GW	APD	TRUE		SESW	ML-46537	N2560	
GORDON CREEK ST 3-20-14-8	20	140S	080E	4300731233		State	GW	APD			SWSW	ML-46539	N2560	
GORDON CREEK ST 2-29-14-8	29	140S	080E	4300731234		State	GW	APD	TRUE		NWNW	ML-46539	N2560	
GORDON CREEK ST 1-30-14-8	30	140S	080E	4300731235		State	GW	APD	TRUE		NENE	ML-46539	N2560	



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

August 12, 2008

CERTIFIED MAIL NO. 7004 2510 0004 1824 5896

Mr. Mike Worthington  
Gordon Creek, LLC  
c/o Thunderbird Energy  
744 4<sup>th</sup> Ave SW Suite # 200  
Calgary, AB Canada T2P 3T4

43 007 30883  
Gordon Creek St 2-20-14-8  
14S 8E 20

Re: Extended Shut-in and Temporarily Abandoned Well Requirements for Wells on Fee or State Leases

Dear Mr. Worthington,

As of January 2008, Gordon Creek, LLC has one (1) Fee Lease Well and three (3) State Lease Wells (Attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months require filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining ("Division") approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon showing of good cause by the operator (R649-3-36-1.3.3).

The Division has had discussions and correspondence with Gordon Creek, LLC and their predecessors Fellows Energy and Klabzuba about the SI/TA wells in this field. Plans were submitted to plug and abandon a couple of the wells, but no further action has been taken. Gordon Creek, LLC should submit their plans to produce or plug these wells. For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and



Page 2  
August 12, 2008  
Mr. Mike Worthington

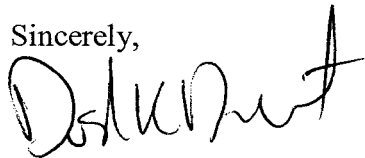
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet  
Petroleum Engineer

JP:js  
Enclosure

cc: Jim Davis, SITLA  
Compliance File  
Well File

## ATTACHMENT A

	Well Name	API	Lease Type	Years Inactive
1	Gordon Creek ST 2-20-14-8	43-007-30883	State	5 years 4 months
2	Gordon Creek 19-14-8	43-007-30807	State	3 years 10 months
3	Gordon Creek 4-18-14-8	43-007-30881	State	3 years 10 months
4	Burnside 29-14-8	43-007-30725	Fee	6 years 9 months



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

July 6, 2009

CERTIFIED MAIL NO.: 7004 1160 0003 0190 3164

Rick Ironside  
Thunderbird Energy  
Suite 645, 1010 1<sup>st</sup> St SW  
Calgary, Alberta T2R 1K4

43 007 30883  
Gordon Creek St. 2-20-14-8  
14S 8E 20

Subject: **SECOND NOTICE: Extended Shut-in and Temporarily Abandoned Requirements for Wells on Fee or State Leases**  
(See Attachment A)

Dear Mr. Ironside:

As of January 2009, Thunderbird Energy ("Thunderbird") has six (6) State Mineral or Fee Lease Wells (see attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status.

This is the second notice of non-compliance that Thunderbird has received for the above-mentioned wells. On January 29, 2009 the first notice for wells 1-3, requesting required information to bring the wells into compliance, was hand delivered at the meeting you had with the Utah Division of Oil, Gas & Mining ("Division"). At that meeting wells 4-6 were discussed as a result of a first notice being sent via certified mail on August 12, 2008. To date the Division has not received any correspondence from Thunderbird addressing the wells SI/TA non-compliance issues per Rule R649-3-36.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and



3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

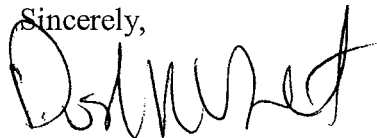
Please note that the Divisions preferred method for showing well integrity is by MIT.

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (**Surface Casing Pressure, Production Casing Pressure** and Tubing Pressure) showing wellbore has integrity, and
4. **Fluid level** in the wellbore, and
5. **An explanation of how the submitted information proves integrity.**

If the required information is not received within 30 days of the date of this notice, a Notice of Violation will be issued. If you have any questions concerning this matter, please contact Joshua Payne at (801) 538-5314 or me at (801) 538-5281.

Sincerely,



Dustin K. Doucet  
Petroleum Engineer

DKD/JP/js  
Enclosure  
cc: Jim Davis, SITLA  
Compliance File  
Well File

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

## ATTACHMENT A

	Well Name	API	Lease Type	Years Inactive
1	GORDON CREEK ST 3-20-14-8	43-007-31233	ML-46539	1 Year 7 Months
2	GORDON CREEK ST 2-29-14-8	43-007-31234	ML-46539	1 Year 7 Months
3	GORDON CREEK ST 1-30-14-8	43-007-31235	ML-46539	1 Year 8 Months
4	GORDON CREEK ST 2-20-14-8	43-007-30883	STATE	6 Years 4 Months
5	BURNSIDE 29-14-8	43-007-30725	FEE	7 Years 9 Months
6	GORDON CREEK ST 4-18-14-8	43-007-30881	STATE	4 Years 10 Months



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Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil Gas and Mining

JOHN R. BAZA  
Division Director

July 15, 2009

Via Fed Ex Tracking # 7977 6495 0001

Rick Ironside  
Thunderbird Energy  
Suite 645, 1010 1<sup>st</sup> St SW  
Calgary, Alberta T2R 1K4

43 007 30883  
Gordon Creek St. 2-20-1A-8  
14S 8E 20

Subject: **SECOND NOTICE: Extended Shut-in and Temporarily Abandoned Requirements for Wells on Fee or State Leases**  
(See Attachment A)

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3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

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1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (**Surface Casing Pressure, Production Casing Pressure and Tubing Pressure**) showing wellbore has integrity, and
4. **Fluid level** in the wellbore, and
5. **An explanation of how the submitted information proves integrity.**

If the required information is not received within 30 days of the date of this notice, a Notice of Violation will be issued. If you have any questions concerning this matter, please contact Joshua Payne at (801) 538-5314 or me at (801) 538-5281.

Sincerely,



Dustin K. Doucet  
Petroleum Engineer

DKD/JP/js  
Enclosure  
cc: Jim Davis, SITLA  
Compliance File  
Well File

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

# ATTACHMENT A

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4	GORDON CREEK ST 2-20-14-8	43-007-30883	STATE	6 Years 4 Months
5	BURNSIDE 29-14-8	43-007-30725	FEE	7 Years 9 Months
6	GORDON CREEK ST 4-18-14-8	43-007-30881	STATE	4 Years 10 Months



September 12, 2008

Attention: Dustin K. Doucet  
Suite 1210-1594 West North Temple  
PO Box 145801,  
Salt Lake City, UT  
84114-5801

Thank you for your letter of August 12, 2008, a copy of which is enclosed. Unfortunately, we just received the letter this week, as we have recently moved our Calgary head office and the letter was not forwarded on from our old office. In order to avoid this type of interruption in the future, I would ask that you amend your records to indicate that the mailing address for Gordon Creek LLC and the parent company Thunderbird Energy Corp, be changed to our corporate head office address, as follows:

847 Hamilton Street  
Vancouver, British Columbia  
Canada, V6B 2R7

I am also pleased to tell you that Rick Ironside P. Eng has joined us as Chief Operating Officer. Rick is based at our new Calgary office located at:

Suite 645  
1010 1<sup>st</sup> Street S.W.  
Calgary, Alberta  
T2R 1K4  
Phone: 604-453-1608

Our field operations at Gordon Creek are now being run from Price, Utah by Steve Lessar who reports directly to Rick Ironside. Steve's coordinates are:

700 N Molyneux  
Price, Utah  
84501  
Phone: 435-820-1489

We are very active in the Gordon Creek area and are very optimistic about the opportunity to re-activate the wells that are the subject of your letter. I won't discuss them in detail here, as I believe that Rick Ironside is intending to provide you with a review of our current operations and future plans.

**RECEIVED**

**SEP 25 2008**

Thunderbird Energy Corporation

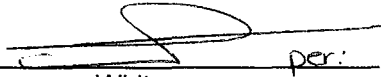
DIV. OF OIL, GAS & MINING

847 Hamilton Street Vancouver, BC, Canada, V6B 2R7 Tel (604) 707-0373 Fax (604) 707-0378 [www.thunderbirdenergy.com](http://www.thunderbirdenergy.com)



Yours truly,

**THUNDERBIRD ENERGY CORP.**

  
per:

Cameron White  
President  
Enclosure

Cc:

Jim Davis, SITLA  
Compliance File  
Well File

Rick Ironside,  
Chief Executive Officer

Steve Lessar

Thunderbird Energy Corporation

847 Hamilton Street Vancouver, BC, Canada, V6B 2R7 Tel (604) 707-0373 Fax (604) 707-0378 [www.thunderbirdenergy.com](http://www.thunderbirdenergy.com)



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

August 12, 2008

CERTIFIED MAIL NO. 7004 2510 0004 1824 5896

Mr. Mike Worthington  
Gordon Creek, LLC  
c/o Thunderbird Energy  
744 4<sup>th</sup> Ave SW Suite # 200  
Calgary, AB Canada T2P 3T4

Re: Extended Shut-in and Temporarily Abandoned Well Requirements for Wells on Fee or State Leases

Dear Mr. Worthington,

As of January 2008, Gordon Creek, LLC has one (1) Fee Lease Well and three (3) State Lease Wells (Attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months require filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining ("Division") approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon showing of good cause by the operator (R649-3-36-1.3.3).

The Division has had discussions and correspondence with Gordon Creek, LLC and their predecessors Fellows Energy and Klabzuba about the SI/TA wells in this field. Plans were submitted to plug and abandon a couple of the wells, but no further action has been taken. Gordon Creek, LLC should submit their plans to produce or plug these wells. For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and



Page 2  
August 12, 2008  
Mr. Mike Worthington

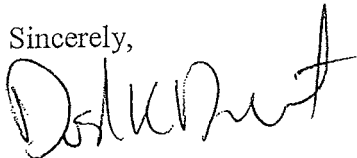
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet  
Petroleum Engineer

JP:js  
Enclosure

cc: Jim Davis, SITLA  
Compliance File  
Well File

## ATTACHMENT A

	Well Name	API	Lease Type	Years Inactive
1	Gordon Creek ST 2-20-14-8	43-007-30883	State	5 years 4 months
2	Gordon Creek 19-14-8	43-007-30807	State	3 years 10 months
3	Gordon Creek 4-18-14-8	43-007-30881	State	3 years 10 months
4	Burnside 29-14-8	43-007-30725	Fee	6 years 9 months



# Fax

<b>To:</b> Dustin K. Doucet	<b>From:</b> Nicola Pender
<b>Fax:</b> 1.801.359.3940	<b>Date:</b> September 12 <sup>th</sup> , 2008
<b>Phone:</b>	<b>Pages:</b> 6 (including cover)
<b>Re:</b> Thunderbird Energy	<b>CC:</b> Rick Ironside, Jim Davis, Steve Lessar

Hi Dustin,

Enclosed is the response to your letter dated August 12<sup>th</sup>, 2008 to Mike Worthington of Gordon Creek and a copy of the original letter sent.

If you have any questions please do not hesitate to contact me.

Kind regards,

Nicola Pender  
Executive Assistant

[nicola@thunderbirdenergy.com](mailto:nicola@thunderbirdenergy.com)

Tel: 604-707-0373

Fax: 604-707-0378

RECEIVED

SEP 15 2008

DIV. OF OIL, GAS & MINING



# THUNDERBIRD

ENERGY

September 12, 2008

Attention: Dustin K. Doucet  
Suite 1210-1594 West North Temple  
PO Box 145801,  
Salt Lake City, UT  
84114-5801

Thank you for your letter of August 12, 2008, a copy of which is enclosed. Unfortunately, we just received the letter this week, as we have recently moved our Calgary head office and the letter was not forwarded on from our old office. In order to avoid this type of interruption in the future, I would ask that you amend your records to indicate that the mailing address for Gordon Creek LLC and the parent company Thunderbird Energy Corp, be changed to our corporate head office address, as follows:

847 Hamilton Street  
Vancouver, British Columbia  
Canada, V6B 2R7

I am also pleased to tell you that Rick Ironside P. Eng has joined us as Chief Operating Officer. Rick is based at our new Calgary office located at:

Suite 645  
1010 1<sup>st</sup> Street S.W.  
Calgary, Alberta  
T2R 1K4  
Phone: 604-453-1608

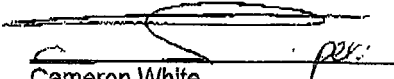
Our field operations at Gordon Creek are now being run from Price, Utah by Steve Lessar who reports directly to Rick Ironside. Steve's coordinates are:

700 N Molyneux  
Price, Utah  
84501  
Phone: 435-820-1489

We are very active in the Gordon Creek area and are very optimistic about the opportunity to re-activate the wells that are the subject of your letter. I won't discuss them in detail here, as I believe that Rick Ironside is intending to provide you with a review of our current operations and future plans.

Yours truly,

**THUNDERBIRD ENERGY CORP.**

  
Cameron White  
President

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SEP 15 2008

DIV. OF OIL, GAS & MINING

Thunderbird Energy Corporation

847 Hamilton Street Vancouver, BC, Canada, V6B 2R7 Tel (604) 707-0373 Fax (604) 707-0378 [www.thunderbirdenergy.com](http://www.thunderbirdenergy.com)



THUNDERBIRD  
ENERGY

Enclosure

Cc:

Jim Davis, SITLA  
Compliance File  
Well File

Rick Ironside,  
Chief Executive Officer

Steve Lessar

Thunderbird Energy Corporation

847 Hamilton Street Vancouver, BC, Canada, V6B 2R7 Tel (604) 707-0373 Fax (604) 707-0378 [www.thunderbirdenergy.com](http://www.thunderbirdenergy.com)



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

August 12, 2008

CERTIFIED MAIL NO. 7004 2510 0004 1824 5896

Mr. Mike Worthington  
Gordon Creek, LLC  
c/o Thunderbird Energy  
744 4<sup>th</sup> Ave SW Suite # 200  
Calgary, AB Canada T2P 3T4

Re: Extended Shut-in and Temporarily Abandoned Well Requirements for Wells on Fee or State Leases

Dear Mr. Worthington,

As of January 2008, Gordon Creek, LLC has one (1) Fee Lease Well and three (3) State Lease Wells (Attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months require filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining ("Division") approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon showing of good cause by the operator (R649-3-36-1.3.3).

The Division has had discussions and correspondence with Gordon Creek, LLC and their predecessors Fellows Energy and Klazuba about the SI/TA wells in this field. Plans were submitted to plug and abandon a couple of the wells, but no further action has been taken. Gordon Creek, LLC should submit their plans to produce or plug these wells. For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and

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SEP 15 2008

DIV. OF OIL, GAS & MINING



Page 2  
August 12, 2008  
Mr. Mike Worthington

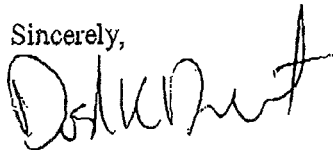
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet  
Petroleum Engineer

JP:js  
Enclosure

cc: Jim Davis, SITLA  
Compliance File  
Well File

**ATTACHMENT A**

	Well Name	API	Lease Type	Years Inactive
1	Gordon Creek ST 2-20-14-8	43-007-30883	State	5 years 4 months
2	Gordon Creek 19-14-8	43-007-30807	State	3 years 10 months
3	Gordon Creek 4-18-14-8	43-007-30881	State	3 years 10 months
4	Burnside 29-14-8	43-007-30725	Fee	6 years 9 months

RECEIVED

SEP 15 2008

DIV. OF OIL, GAS &amp; MINING

**THUNDERBIRD**  
ENERGY

Suite 645, 1010 1<sup>st</sup> Street SW Calgary, Alberta T2R 1K4  
(403)453-1609

November 29, 2008

State of Utah  
Department of Natural Resources  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah  
84114-5801

Attention: **Mr. Dustin K. Doucet**  
**Petroleum Engineer**

Dear Sir:

Re: **Gordon Creek LLC**  
**Extended Shut In and Temporarily Abandoned Well Requirements**


Gordon Creek State 2-20-14-8	API	43-007-30883
Gordon Creek State 19-14-8B	API	43-007-30807
Gordon Creek State 4-18-14-8	API	43-007-30881
Burnside 29-14-8	API	43-007-30725

In response to your letter dated August 12, 2008 we wish to advise that Thunderbird Energy Corporation through its wholly owned subsidiary Gordon Creek LLC has embarked on a program of reworking and reactivating wells. The well Gordon Creek State 19-14-8 B has been reactivated and commenced pumping in October. For the other three locations we currently plan to complete the following work within the next twelve months:

Gordon Creek State 2-20-14-8	API	43-007-30883
• Fracture stimulate the existing perforations 3422' – 3444'; 3476' – 3492'		
Gordon Creek State 4-18-14-8	API	43-007-30881
• Drill out the bridge plug		
• Re-activate the Ferron sand intervals 3243' – 3308'		
Burnside 29-14-8	API	43-007-30725
• Complete and test a Mancos Shale interval still to be determined		

If you have any additional questions with regard to these wells, please do not hesitate to contact the undersigned.

Yours truly,  
**Thunderbird Energy Corporation**

  
**Rick J. Ironside, P.Eng., MBA**  
**Chief Operating Officer**

RECEIVED

DEC 04 2008

DIV. OF OIL, GAS & MINING



**THUNDERBIRD**  
ENERGY

THUNDERBIRD ENERGY CORPORATION

645, 1010 1st Street S.W.  
Calgary, AB T2R 1K4

Phone: 403-453-1608

Fax: 403-453-1609

**FAX**

To: Dustin Doucet  
Fax: (801) 359-3940  
Phone: (801) 538-5340  
Re: SI/TA Wells

From:

Pages: 2

Date: December 4, 2008

CC:

Comments:

original letter sent by mail

RECEIVED

DEC 04 2008

DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil Gas and Mining

JOHN R. BAZA  
Division Director

January 21, 2009

Rick Ironside  
Thunderbird Energy  
Suite 645, 1010 1<sup>st</sup> St SW  
Calgary, Alberta T2R 1K4

14S 8E 20

Subject: Gordon Creek State 2-20-14-8 API 43-007-30883, Gordon Creek State 4-18-14-8 API 43-007-30881 and Burnside 29-14-8 API 43-007-30725  
Extended Shut-in and Temporary Abandoned Well Requirements for Fee or State Leases Dated August 12, 2008

Dear Mr. Ironside:

The Division of Oil, Gas and Mining (the Division) is in receipt of your letter dated November 29, 2008 (received by the Division on 12/04/2008) in regards to the three (3) shut-in or temporarily abandoned (SI/TA) wells operated by Gordon Creek LLC (Thunderbird). It is the Divisions understanding that Thunderbird plans to complete work on the following wells within the next twelve months: Gordon Creek State 2-20-14-8 (43-007-30883), Gordon Creek State 4-18-14-8 (43-007-30881), & Burnside 29-14-8 (43-007-30725).

The Division does not object to the plan to workover the wells. However, due to insufficient evidence the Division is unable to grant extended SI/TA status for the above said wells. No evidence was received per R649-3-36 providing proof of integrity or lengths of time wells are expected to be shut-in. The Divisions preferred method of demonstrating well integrity is to perform an MIT. Please submit the necessary information to bring these wells back into compliance. Please note approval will be necessary prior to continuing with the planned work for these wells.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,

Dustin K. Doucet  
Petroleum Engineer

DKD/JP/js

cc: Jim Davis, SITLA  
Well Files  
Compliance File

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA



<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> ML-46539
<b>1. TYPE OF WELL</b> Gas Well		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>
<b>2. NAME OF OPERATOR:</b> GORDON CREEK, LLC		<b>7. UNIT or CA AGREEMENT NAME:</b>
<b>3. ADDRESS OF OPERATOR:</b> 1179 E Main #345, Price, UT, 84501		<b>8. WELL NAME and NUMBER:</b> GORDON CREEK ST 2-20-14-8
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 1250 FNL 1018 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NWNW Section: 20 Township: 14.0S Range: 08.0E Meridian: S		<b>9. API NUMBER:</b> 43007308830000
<b>PHONE NUMBER:</b> 403 453-1608 Ext		<b>9. FIELD and POOL or WILDCAT:</b> UNDESIGNATED
<b>COUNTY:</b> CARBON		<b>STATE:</b> UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

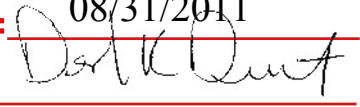
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 8/29/2011	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input checked="" type="checkbox"/> PRODUCTION START OR RESUME <input checked="" type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input checked="" type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input checked="" type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
<input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:			
<input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:			
<input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:			

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.  

Move on Workover rig, pull tubing out of well, run into well with bit and drill out CIBP set @ 3530', POOH, run into well with bit and casing scraper to TD, POOH. Then run into the well with tubing and a packer, set packer @ 3550' KB, then frac the Lower Ferron A + B down tbg with a 60 T high rate treatment, then flow test and clean up. Then kill the well and pull the tubing and packer out of the well. Then add perforations to the Upper Ferron C (3450' - 3460' + 3502' - 3529') and set a composite BP @ 3550'. Then frac the Upper Ferron C down casing with a 60 T high rate treatment, then flow test and clean up. Then kill the well and RIH with bit and drill out composite BP. Then run the final 2.375" production tubing string, run BHP and rods, install pumpjack and place well on production as a Ferron A + B + C producer.

**Approved by the Utah Division of Oil, Gas and Mining**

**Date:** 08/31/2011

**By:** 

<b>NAME (PLEASE PRINT)</b> Barry Brumwell	<b>PHONE NUMBER</b> 403 453-1608	<b>TITLE</b> Vice President-Operations
<b>SIGNATURE</b> N/A	<b>DATE</b> 8/15/2011	

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

NOTICE OF VIOLATION  
STATE OF UTAH  
OIL AND GAS CONSERVATION ACT

\*\*\*\*\*

To the following operator:

14 S 8 E 20

Name: Gordon Creek, LLC c/o Thunderbird Energy.

Well(s) or Site(s): 1.) <u>BURNSIDE 29-14-8</u>	API #: <u>43-007-30725</u>
2.) <u>GORDON CREEK ST 1-30-14-8</u>	<u>43-007-31235</u>
3.) <u>GORDON CREEK ST 4-18-14-8</u>	<u>43-007-30881</u>
4.) <u>GORDON CREEK ST 2-20-14-8</u>	<u>43-007-30883</u> ←
5.) <u>GORDON CREEK ST 3-20-14-8</u>	<u>43-007-31233</u>
6.) <u>GORDON CREEK ST 2-29-14-8</u>	<u>43-007-31234</u>
7.) <u>GORDON CREEK ST 19-14-8 (B)</u>	<u>43-007-30807</u>

Date and Time of Inspection/Violation: November 27, 2012

Mailing Address: Attn: Rick J. Ironside  
Suite 800, 555 - 4th Ave SW  
Calgary, Alberta, Canada T2P 3E7

Under the authority of the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended, the undersigned authorized representative of the Division of Oil, Gas and Mining (Division) has conducted an inspection of the above described site and/or records on the above date and has found alleged violation(s) of the act, rules or permit conditions as described below.

Description of Violation(s):

Rule R649-3-36, Shut-in and Temporarily Abandoned Wells – Wells 1 - 6 listed above have been Shut-in or Temporarily Abandoned (SI/TA) over 5 consecutive years. Well 7 has been SI/TA over 3 consecutive years. According to Rule R649-3-36, the operator is required to supply the Division with reasons for extended SI/TA, the length of time for extended SI/TA and proof of well bore integrity for every well SI/TA over 12 consecutive months. After 5 years of continued SI/TA, the wells are to be plugged unless good cause is supplied to the Division for extended SI/TA in addition to the required information just mentioned.

Rule R649-3-4.3, Bonding - If the division finds that a well subject to this bonding rule is in violation of Rule R649-3- 36., Shut-in and Temporarily Abandoned Wells, the division shall require a bond amount for the applicable well in the amount of actual plugging and site restoration costs.

4.4.1. - Within 30 days of notification by the division, the operator shall submit to the division an estimate of plugging and site restoration costs for division review and approval.

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

The Division has previously issued two (2) SI/TA Notices and a Notice of Violation to Gordon Creek LLC/Thunderbird Energy (Thunderbird) regarding these wells. There has not been any evidence of effort being made to bring them out of violation status. These wells are in violation of R-649-3-36 and R649-3-4.3 - 4.4.1 as listed above. The Division requires Thunderbird to put up full cost bonding for all wells in violation above per R649-3-4. It is also mandatory that Thunderbird submit all documentation as required by R649-3-36 concerning shut-in and temporarily abandoned wells.

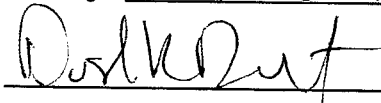
Immediate Action: For the wells subject to this notice, Thunderbird shall fulfill full cost bonding requirements for each well. Thunderbird shall also submit all information as required by R649-3-36 or plug and abandon or place the wells on production.

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

Compliance Deadline: December 27, 2012

Date of Service Mailing: November 28, 2012

Tracking #: 794167679933



Division's Representative

Operator or Representative

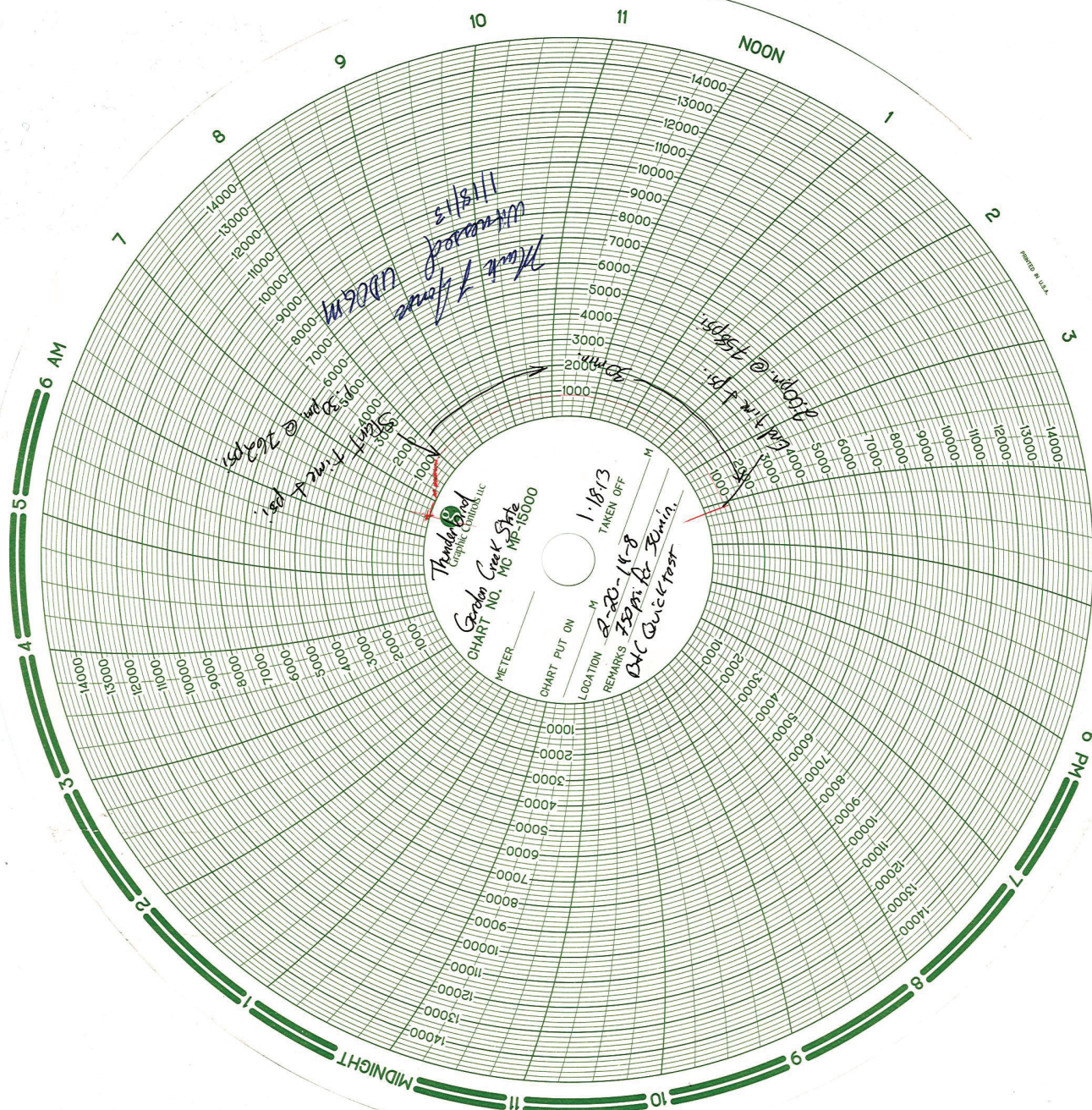
(If presented in person)

6/2005

DKD/JP/js  
Enclosure

cc: Jim Davis, SITLA  
Compliance File  
Well File

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> ML-46539
<b>1. TYPE OF WELL</b> Gas Well		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>  
<b>2. NAME OF OPERATOR:</b> GORDON CREEK, LLC		<b>7. UNIT or CA AGREEMENT NAME:</b>  
<b>3. ADDRESS OF OPERATOR:</b> 1179 E Main #345 , Price, UT, 84501		<b>8. WELL NAME and NUMBER:</b> GORDON CREEK ST 2-20-14-8
<b>PHONE NUMBER:</b> 403 453-1608 Ext		<b>9. API NUMBER:</b> 43007308830000
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 1250 FNL 1018 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NWNW Section: 20 Township: 14.0S Range: 08.0E Meridian: S		<b>9. FIELD and POOL or WILDCAT:</b> UNDESIGNATED
		<b>COUNTY:</b> CARBON
		<b>STATE:</b> UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
<b>TYPE OF SUBMISSION</b>	<b>TYPE OF ACTION</b>	
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUTOFF <input checked="" type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> WILDCAT WELL DETERMINATION <input checked="" type="checkbox"/> OTHER	
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 1/18/2013	<input type="checkbox"/> SPUD REPORT Date of Spud:	
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> APD EXTENSION OTHER: <span style="border: 1px solid black; padding: 2px;">Mechanical Integrity Test</span>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. As witnessed by Mark Jones of DOGM, this well was filled with inhibited fluid (topped off with diesel at surface to prevent freezing) and the production casing string was pressure tested to 762 psi. The pressure dropped to 758 psi over 30 minutes, indicating a successful Mechanical Integrity Test. A copy of the test chart is attached.		
<b>Accepted by the          Utah Division of          Oil, Gas and Mining          FOR RECORD ONLY          February 28, 2013</b>		
<b>NAME (PLEASE PRINT)</b> Barry Brumwell	<b>PHONE NUMBER</b> 403 453-1608	<b>TITLE</b> Vice President-Operations
<b>SIGNATURE</b> N/A	<b>DATE</b> 2/15/2013	





GARY R. HERBERT  
Governor

SPENCER J. COX  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

May 27, 2014

Via FedEx

Barry Brumwell  
Vice President of Operations  
Thunderbird Energy / Gordon Creek, LLC  
#800, 555 – 4<sup>th</sup> Avenue S.W.  
Calgary, Alberta, Canada T2P 3E7

Subject: Oil and Gas General Conservation Rule R649-3-36 - Shut-in and Temporarily Abandoned Wells

Dear Mr. Brumwell:

The Division of Oil, Gas and Mining (the "Division") issued Gordon Creek LLC c/o Thunderbird Energy (Gordon Creek) a Shut-in and Temporary Abandonment Notice of Violation (NOV), dated November 12, 2012, for the following seven (7) wells:

20 14S 8E

Burnside 29-14-8	API 43-007-30725	SI/TA approval - May 1, 2014
Gordon Creek ST 1-30-14-8	API 43-007-31235	SI/TA approval - Feb 1, 2014
Gordon Creek ST 4-18-14-8	API 43-007-30881	SI/TA approval - May 1, 2014
→ Gordon Creek ST 2-20-14-8	API 43-007-30883	Subsequent Sundry 2/15/2013 For Record Only
Gordon Creek ST 3-20-14-8	API 43-007-31233	SI/TA approval - May 1, 2014
Gordon Creek ST 2-29-14-8	API 43-007-31234	SI/TA approval - Feb 1, 2014
Gordon Creek ST 19-14-8(B)	API 43-007-30807	SI/TA approval - May 1, 2014

In response to the NOV, the Division and Gordon Creek held a December 2012 conference call. Gordon Creek stated they had capital for equipping the field with well-site separators, electrification, pumping equipment and pipelines. Gordon Creek also stated they had capital for drilling additional wells in the field and committed to meeting shut-in well requirements for the above subject wells. Gordon Creek submitted a letter dated December 18, 2012, stating that it conducted casing integrity tests on all of the subject wells between July and September of 2010. Similar tests were also conducted on five (5) of the subject wells in 2011. The integrity tests were submitted to the Division. In addition, Gordon Creek submitted a letter dated December 19, 2012, specifically outlining its 2013 field development plans to electrify parts of the field, recompleting the Gordon Creek ST 4-18-14-18, Gordon Creek ST 3-20-14-8 and Gordon Creek ST 2-29-14-8 wells and drill 20 new additional wells. The Division later granted shut-in and temporary abandonment approvals for six (6) of the seven (7) wells listed above based on submitted sundries meeting shut-in extension requirements and the field plans described in the December 2012 letters with the understanding Gordon Creek would keep the Division updated on field development and any changes to the plans.

If any of the above proposed work was accomplished last year Gordon Creek did not keep the Division informed. We reviewed the Gordon Creek ST 4-18-14-18, Gordon Creek ST 3-20-14-8 and Gordon Creek ST 2-29-14-8 well files and did not find any notices of intent for recompletion or subsequent recompletion sundries for the wells. If work was done on the wells please submit sundries



immediately for the well files. Also, the above extended shut-in approvals required periodic pressure and fluid monitoring to ensure ongoing integrity of the wells. The periodic monitoring should have also been submitted to the Division on individual well sundries for Division review and well files. Shut-in extensions for two of the above wells expired February 1, 2014 and the other four expired May 1, 2014.

As of the date of this letter Gordon Creek currently have seventeen (17) shut-in wells, the above listed seven wells and the following ten (10) new wells:

Gordon Creek ST 1A-18-14-18	API 43-007-30892	Last Prod – June 2013
Gordon Creek NE-31-13-8	API 43-007-50243	Last Prod – May 2013
Gordon Creek NE-32-13-8	API 43-007-50245	Last Prod – March 2013
Gordon Creek SW-32-13-8	API 43-007-50246	Last Prod – June 2013
Gordon Creek NW-5-14-8	API 43-007-50248	Last Prod – July 2013
Gordon Creek ST SW-7-14-8	API 43-007-50242	Last Prod – May 2013
Gordon Creek ST SE-B-7-14-18	API 43-007-50255	Last Prod – April 2013
Gordon Creek NW-32-13-18	API 43-007-50244	Last Prod – Jan 2014
Gordon Creek NW-31-13-8	API 43-007-50250	OPS – Spud Feb 2012
Gordon Creek SE-32-13-8	API 43-007-50247	OPS – Spud Jan 2012

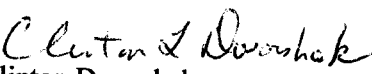
The operator is responsible to file, yearly, for extended shut-in or temporary abandonment for wells shut-in or temporarily abandoned for a period of twelve (12) consecutive months. Gordon Creek must file a Sundry Notice providing the following information for each of the above seventeen listed wells; reasons for shut-in or temporarily abandonment of the well, length of time the well is expected to be shut-in or temporarily abandoned and an explanation and supporting data showing the well has integrity (R649-3-36.1). After review the Division will either approve the continued shut-in or temporarily abandoned status or require remedial action (R649-3-36.2). After five (5) years of non-activity or non-productivity, the well shall be plugged in accordance with R649-3-24, unless approval for extended shut-in time is given by the Division upon a showing of good cause by the operator (R649-3-36.3). Please note, six (6) of the seventeen wells listed above have been shut-in over five (5) years.

Gordon Creek has until **June 30, 2014**, to submit sundries, for the subject wells, in accordance with **Oil and Gas Conservation General Rule 649-3-36 Shut-in and Temporarily Abandoned Wells**.

Should Gordon Creek not meet shut-in and temporarily abandoned well requirements, the Division is prepared to file a Notice of Agency Action (NAA) for Commencement of Informal Adjudicative Proceedings (R649-10-3) for this matter in accordance with Oil and Gas Conservation General Rule R649-10 Administrative Procedures.

If you have any questions or need further assistance, please feel free to contact me at [clintondworshak@utah.gov](mailto:clintondworshak@utah.gov) or 801-538-5280 or Dustin Doucet, Petroleum Engineer, at [dustindoucet@utah.gov](mailto:dustindoucet@utah.gov) or 801-538-5281.

Sincerely,

  
Clinton Dworshak  
Oil and Gas Compliance Manager

CLD/js  
cc: John Rogers, Oil & Gas Associate Director  
Dustin Doucet, Petroleum Engineer  
Well Files  
Compliance File

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**BEATTY & WOZNIAK, P.C.**

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December 24, 2014

Clinton Dworshak  
Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116

Dear Clint:

The purpose of this letter is to place in writing the agreement between Gordon Creek Energy, Inc. ("Gordon Creek") and the Utah Division of Oil, Gas and Mining (the "Division"), in order to satisfy the requirements of the August 4, 2014 Division Bonding Order (the "Order") issued by the Division.

At a meeting between Gordon Creek and the Division at the offices of the Division on Wednesday October 29, 2014, the Division and Gordon Creek discussed the various issues associated with Gordon Creek's operations in Utah and the impact the Order has on those operations. As a result of those discussions, it is understood by the Division that Gordon Creek is in the process of obtaining both short term and long term financing to enhance its operations in the State of Utah and that securing this financing is essential for Gordon Creek to acquire the necessary bonding for its wells in the State of Utah. It is anticipated that Gordon Creek will obtain some of this financing in early December 2014. Based on the receipt of those funds, Gordon Creek and the Division agreed to the following terms and conditions to withhold enforcement of the Order:

1. The funds obtained in December of 2014 will be used to re-work Gordon Creeks existing shut-in wells and improve the existing infrastructure of Gordon Creeks operations in the State of Utah. It is anticipated that all re-working activities will be completed by the end of December 2014 for the following wells:

**API No.**

**Well Name**

43-007-30881  
43-007-30892  
43-007-50242

Gordon Creek 4-18-14-8  
Gordon Creek 1A-18-14-8  
Gordon Creek SW 7-14-8

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43-007-50243	Gordon Creek NE 31-13-8
43-007-50244	Gordon Creek NW 32-13-8
43-007-50245	Gordon Creek NE 32-13-8
43-007-50246	Gordon Creek SW 32-13-8
43-007-50248	Gordon Creek NW 5-14-8
43-007-50249	Gordon Creek NE 5-14-8
43-007-50255	Gordon Creek SE B 7-14-8

2. Given the winter closure requirements of the Utah Division of Wildlife Resources, from December 1, 2014 until April 15, 2015, and the amount of surface disturbance required to rework the wells, all re-working activities will be completed by June 30, 2015 for the following wells:

<u>API No.</u>	<u>Well Name</u>
43-007-30725	Burnside 29-14-8
43-007-30807	Gordon Creek ST 19-14-8(B)
43-007-30883	Gordon Creek ST 2-20-14-8
43-007-31233	Gordon Creek ST 3-20-14-8
43-007-31234	Gordon Creek ST 2-29-14-8

3. Gordon Creek will provide Sundry Notices to the Division on the progress of these well and infrastructure activities as required by the Well Workover and Recompletions rule, Utah Admin. Code R649-3-23.
4. The Division will not require Gordon Creek to provide bonding for all of its well locations at once, but will allow it to acquire the necessary depth bonding as described in R649-3-1(5.3) to cover the equivalent of four wells at a time at the rate of \$30,000.00 per well.
5. The existing \$120,000.00 blanket bond and the future bonding or surety, provided by Gordon Creek, as outlined in Paragraph 7 below, will cover all of the wells listed on Schedule A of the Order as two separate blanket bonds. In the event it becomes necessary to use proceeds from the blanket bonds, the Division will apply the proceeds to any one or more of the wells listed on Schedule A at its discretion. As such, if the plugging of a well, or group of a wells, cost less than the estimated \$30,000.00 as outlined in R649-3-1(5.3), the Division can use the remaining amount to plug and/or reclaim any of the other wells and well sites on Schedule A.

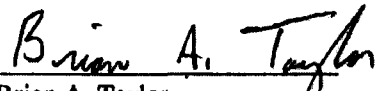
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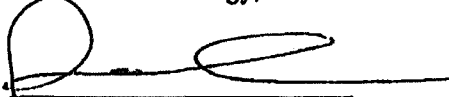
6. The first payment of \$120,000.00 covering the equivalent of four wells will be due and payable by February 27, 2015.
7. Gordon Creek will make additional \$120,000.00 payments every three months until all of the existing shut-in wells listed on Schedule A of the Order are fully covered. These additional payments will be due on or before May 29, 2015, August 31, 2015, and November 30, 2015, with a final payment covering any outstanding amounts by February 27, 2016.
8. In the event Gordon Creek obtains additional long term financing prior to February 27, 2016, it will pay any remaining amount owed to have depth bonding on all of its wells in the State of Utah within 30 days of the closing date of the additional financing.
9. The Division will conduct a surface inspection of the wells listed as "Location Abandoned" on Schedule A of the Order to determine if any reclamation work is needed. In the event no reclamation work is needed, the \$1,500.00 bond requirements listed for those lands will be removed from the total amount owed by Gordon Creek.
10. When Gordon Creek has satisfied the requirements for a blanket bond under R649-3-1 (6), the Division will release all additional bonding required by the Order upon the request of Gordon Creek.

If I have accurately stated our agreement and understanding, please sign below and return to me at your earliest opportunity.

Respectfully,

  
Brian A. Taylor  
Attorney for Gordon Creek Energy

Gordon Creek Energy, Inc.

  
Rupert Evans  
President

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The above correctly sets forth our agreement and understanding

Utah Division of Oil, Gas and Mining

Date: 12/30/14

Clinton L. Dworshak

By: Clinton Dworshak  
Compliance Manager

BAT: dc  
5056.0002  
334073

cc: John Rogers, Associate Director  
Dustin Doucet, Petroleum Engineer  
Douglas J. Crapo, Assistant Attorney General  
John Robinson Jr., Assistant Attorney General